ACME HOLDINGS BERHAD

Annual Report 2020

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BOARD OF DIRECTORS

Lim Shiou Ghay	*(Independent Non-Executive Chairman)*
Ooi Soon Hong	*(Executive Director)*
Tan Chee Keong	*(Independent Non-Executive Director)*
Lee Chiong Meng	*(Independent Non-Executive Director)*

AUDIT COMMITTEE

Chairman
Tan Chee Keong

Members
Lim Shiou Ghay
Lee Chiong Meng

NOMINATION COMMITTEE

Chairman
Lim Shiou Ghay

Members
Lee Chiong Meng
Tan Chee Keong

REMUNERATION COMMITTEE

Chairman
Lim Shiou Ghay

Members
Lee Chiong Meng
Tan Chee Keong

COMPANY SECRETARIES
Hing Poe Pyng (MAICSA 7053526)
SSM PC NO. 202008001322

Wong Yee Lin (MIA 15898)
SSM PC NO. 201908001793

PRINCIPAL PLACE OF BUSINESS
1, 2, 7 & 8, Jalan PKNK 3
Kawasan Perusahaan LPK Fasa 3
08000 Sungai Petani
Kedah, Malaysia
Tel.: 04-4426888
Fax: 04-4426448
Website: www.acmeholdings.com.my

REGISTERED OFFICE
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown
Penang, Malaysia
Tel.: 04-3736616
Fax: 04-3736615

AUDITORS
Grant Thornton (AF: 0042)
Level 5, Menara BHL Bank
51, Jalan Sultan Ahmad Shah
10050 Penang
Malaysia
Tel.: 04-2287828
Fax: 04-2279828

PRINCIPAL BANKERS
Ambank (M) Berhad [196901000166 (8515-D)]
CIMB Bank Berhad [197201001799 (13491-P)]
CIMB Islamic Bank Berhad [200401032872 (671380-H)
HSBC Bank Malaysia Berhad [198401015221 (127776-V)
Malayan Banking Berhad [196001000142 (3813-K)]
United Overseas Bank (Malaysia) Berhad
[199301017069 (271809-K)]

SHARE REGISTRAR
Plantation Agencies Sdn. Bhd.
[195501000033 (2603-D)]
3rd Floor, 2 Lebuh Pantai
10300 Georgetown
Penang, Malaysia
Tel.: 04-2625333
Fax: 04-2622018

STOCK EXCHANGE LISTING
Main Market of the Bursa Malaysia Securities Berhad
Stock Name : ACME
Stock Code : 7131

Lim Shiou Ghay
Male
Independent Non-Executive Chairman

Mr. Lim Shiou Ghay, Malaysian, aged 47, was appointed as an Independent Non-Executive Director of the Company on 1 October 2018, and subsequently redesignated as Independent Non-Executive Chairman on 20 January 2020. He is an Engineer by profession. He graduated with a Bachelor of Science (Mechanical Engineering) Degree from the Mississippi State University in 1997. He also sits on the board of several private limited companies. He does not hold any directorship in any other public companies and listed issuers. He is a member of the Audit Committee and the Chairman of the Nomination Committee and the Remuneration Committee.

Ooi Soon Hong
Male
Executive Director

Mr. Ooi Soon Hong, Malaysian, aged 60, was appointed to the Board as an Executive Director on 8 December 2017. He is a member of the Malaysian Institute of Accountants (MIA). Started his career under training with several reputable accounting firms where he qualified as a certified accountant with ACCA (United Kingdom). He has more than 26 years of working experience in public accounting firms, real estate development and construction business. He also sits on the board of several other private limited companies. He does not hold any directorship in any other public companies and listed issuers.

Lee Chiong Meng
Male
Independent Non-Executive Director

Mr. Lee Chiong Meng, Malaysian, aged 51, was appointed as an Independent Non-Executive Director of the Company on 27 November 2017. He is an Architect by profession. He graduated with a Bachelor of Architecture Degree from the University Technology Malaysia (UTM) in 1994 and obtained 'The Best Designer' in Architecture Award during his final year thesis. He has developed a working experience in architecture practice, urban planning on real estate properties from various countries such as Abu Dhabi UAE, Vietnam, Thailand and Cambodia and Malaysia. He is currently leading a consortium team consisting of Architects, Civil & Structural Engineers, Landscape Architects, Interior Designers, Perspective & Graphic Illustrators and Model Making. He does not hold any directorship in any other public companies and listed issuers. He is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Tan Chee Keong
Male
Independent Non-Executive Director

Tan Chee Keong, Malaysian, aged 40, was appointed as an Independent Non-Executive Director on 14 May 2019. He is a chartered accountant by profession, graduated with BSc. (Hons) in Applied Accounting and Association of Chartered Certified Accountants (ACCA United Kingdom) qualification.

He has more than 18 years of experience in corporate finance, investment banking, private equity, M&As, treasury, accounting and consulting with leading investment banks, conglomerates and consulting firms in South East Asia. He does not hold any directorship in any other public companies and listed issuers. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

ADDITIONAL INFORMATION ON THE DIRECTORS

Family relationship with any director and/or major shareholder
None of the Directors have family relationship with any other Directors and/or major shareholders of Acme Holdings Berhad.

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ("FY"), if any
- None of the Directors have any convictions for offences other than traffic offences within the past 5 years.
- None of the Directors were penalized or sanctioned by any regulatory bodies during the FY.

Conflict of Interest
The Directors have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

Profile of Key Senior Management

Lee Thean Yew
Male
Chief Financial Officer

Mr. Lee Thean Yew, Malaysian, aged 56, was appointed as Group Financial Controller on 1 January 2018. He is a qualified accountant who graduated with a Bachelor Degree of Accountancy (with Honours) from University of Malaya in 1988. He has been a member of the Malaysian Institute of Accountants (MIA) since 1992. He has more than 26 years of working knowledge in accounting disciplines such as financial accounting, compliance reporting, budgeting, taxation and systems development. He was promoted to Chief Financial Officer on 28 May 2018.

Ooi Ah Chin
Female
Property Manager

Ms. Ooi Ah Chin, Malaysian, aged 56, was appointed as the Property Manager on 1 March 2009. She started her career as the Sales Manager in Cayman Development (K) Sdn Bhd and Isaga Mergong Sdn Bhd from 1986 to 2005. She is responsible for the Sales and Administration Department of the Group's Property Division.

Teoh Boon Lean
Male
General Manager

Mr. Teoh Boon Lean, Malaysian, aged 53, was appointed as General Manager on 3 October 2017. He has more than 16 years of experience in plastic injection moulding industry. He is responsible for the overall operations of Supportive Technology Sdn. Bhd. He graduated with a Bachelor Degree in Economics from Universiti Utara Malaysia in 1992. He was promoted to Chief Operating Officer on 10 February 2020.

Yeong Weng Soon
Male
Director of Marketing Division

Mr. Yeong Weng Soon, Malaysian, aged 54, was appointed as National Sales Manager on 1 March 2015. He has more than 26 years of experience in sales and marketing of consumer products. He is the head of the marketing department of Supportive Technology Sdn Bhd. He was promoted to Director of Marketing on 10 February 2020.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

Any directorship in public companies and listed issuers
None of the Key Senior Management hold any directorship in public companies and listed issuers.

Family relationship with any director and/or major shareholder
None of the Key Senior Management have any family relationship with the Directors and/or major shareholders of Acme Holdings Berhad.

Conflict of Interest
The Key Senior Management have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ("FY"), if any

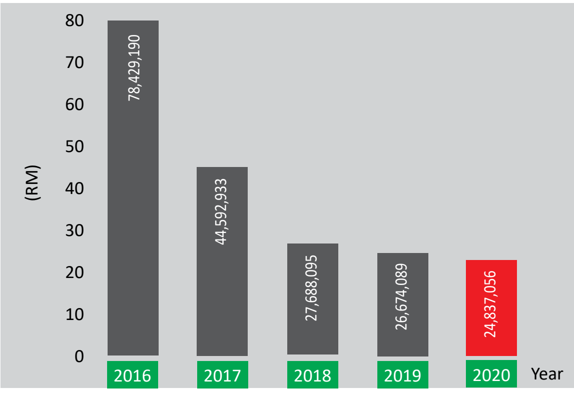
- None of the Key Senior Management have any convictions for offences other than traffic offences within the past 5 years.
- None of the Key Senior Management were penalized or public sanctioned by any relevant regulatory bodies during the FY.

Five Years Group Financial Highlights

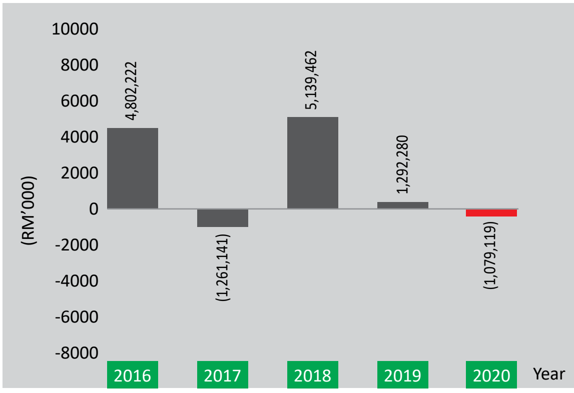
	2016 (RM)	2017 (RM)	2018 (RM)	2019 (RM)	2020 (RM)
Revenue	78,429,190	44,592,933	27,688,095	26,674,089	24,837,056
Profit/(Loss) before tax	4,802,222	(1,261,141)	5,139,462	1,292,280	(1,079,119)
Profit /(Loss) for the financial year	3,052,136	(1,079,506)	3,332,991	9,615,533	(572,973)
Basic earnings/(loss) per ordinary share (Sen)	1.49	(0.50)	1.59	4.18	(0.25)
Equity attributable to owners of the Company	61,605,729	60,554,020	69,688,794	79,272,400	81,510,002
Net assets per share	0.29	0.29	0.30	0.34	0.34
No. of shares issued (in units)	209,703,500*	209,703,500*	229,973,500*	229,973,500*	239,973,500*

* Excluding 8,784,500 ordinary shares held as treasury shares

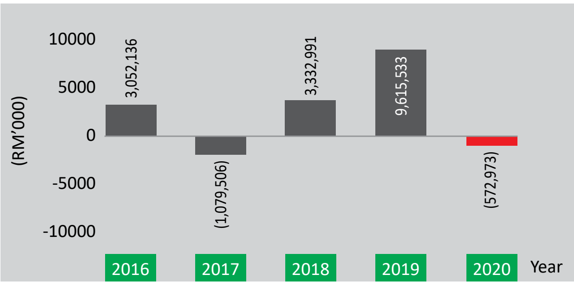
Revenue



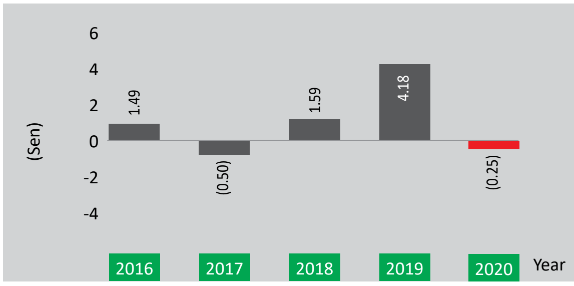
Profit/(Loss) before tax



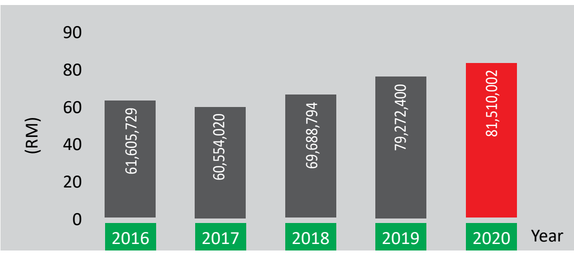
Profit/(Loss) for the financial year



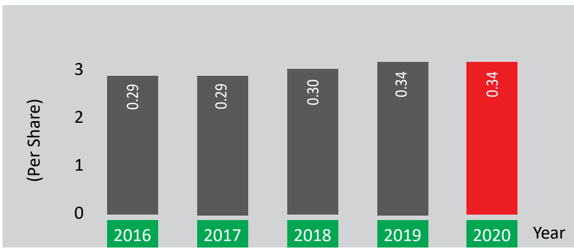
Basic earnings/(loss) per ordinary share (Sen)



Equity attributable to owners of the Company



Net assets per share



Chairman's Statement

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report and Audited Financial Statements for the financial year ended 31 March 2020 (FYE'20).

REVIEW OF RESULTS

For the FYE'20, the Group achieved revenue of RM24.8 million compared to revenue of RM26.7 million in the previous financial year. The decrease in revenue by approximately 7% as compared to the financial year ended 31 March 2019 (FYE'19), is mainly due to the decrease in revenue from the property division.

For the FYE'20, the Group recorded a loss after tax of RM0.6 million compared to a profit after tax of RM9.6 million in the previous financial year. The significant decrease in profit after tax of about 106% compared to FYE'19 was mainly due to the recovery of income tax overpaid amounted to RM9.2 million in FYE'19.

DIVIDENDS

During the FYE'20, the Board does not recommend any dividend.

BOARD CHANGES

Dato' Sri Dr. Lee Kuang Shing resigned from the Board with effect from 20 January 2020. On behalf of the Board, I would like to express our appreciation to him for his invaluable contribution over the last 13 years.

PROSPECTS

Although the property market remains lackluster, the Group is proactively planning to introduce projects that will be well received in the current market condition.

The Group expects the manufacturing division to record healthy growth on the back of strong consumer spending.

APPRECIATION

On behalf of the Board, I would like to convey my gratitude to our loyal shareholders, valued customers and business associates for their continued support and trust. I would also like to thank our management team and employees for their tireless efforts and commitment.

LIM SHIOU GHAY
Independent Non-Executive Chairman

25 August 2020

Overview

We are principally involved in property development and manufacturing of diverse plasticware products.

Since 2008, we have been involved in a 47 acres mixed development project known as Taman Aman Bayu, located at Teluk Air Tawar in Seberang Perai Utara, Penang. During the financial year, we did not launch any new development project.

For the manufacturing division, we operate from our owned factory with total built up area of approximately 13,675 square meter located in Sungai Petani, Kedah.

Financial Performance

Overall

For the FYE' 20, we recorded revenue of RM24.8 million compared to revenue of RM26.7 million in the previous financial year. The decrease in revenue by RM1.9 million or approximately 7% as compared to the FYE' 19 was mainly due to a decrease in revenue of approximately 22% and 1.57% from the property development division and manufacturing division respectively.

The manufacturing division's share of our total revenue in FYE' 20 has increased from 68% in FYE' 19 to 72% in FYE' 20 whilst the property development division contributed less from 28% in FYE' 19 to 23% in FYE' 20. The contribution from the investment holding division in FYE' 20 was similar to FYE' 19 at 4%.

We had recorded a loss after tax (LAT) of RM0.6 million in FYE' 20 compared to a profit after tax (PAT) of RM9.6 million in the previous financial year. The significantly better PAT in FYE' 19 was mainly due to the recovery of income tax overpaid previously by the manufacturing subsidiary amounting to RM9.2 million.

Property Development Division

This division contributed RM5.78 million of revenue in the FYE' 20 compared to RM7.41 million in the previous financial year. The drop in revenue of approximately 22% was due to the decrease in sale of Phase 4's three storey terrace house during the in the current financial year. Consequently, this division suffered a LAT of RM0.5 million compared to a PAT of RM1.6 million in the previous financial year due to the sales of low cost flat which yielded lower profit margin as compared to the sales of three storey terrace house which yielded a higher profit margin in the previous financial year.

Manufacturing Division

The manufacturing division registered a slight decrease of approximately 2% in revenue with RM17.96 million achieved in FYE' 20 compared to RM18.25 million in the previous financial year. Nevertheless, this division managed to post a modest PAT of RM0.1 million.

The decrease was a result of the government's declaration of Movement Control Order ("MCO") for the period from 18 March 2020 to 3 May 2020 during which the manufacturing division did not generate any revenue.

Working Capital, Liquidity and Capital Expenditure

The Group generated net inflow of cash from operations of RM1.11 million in the FYE' 20 as compared to RM9.85 million net inflow of cash from operations in the FYE' 19. The better performance in the FYE' 19 was mainly due to the recovery of income tax overpaid amounting to RM9.2 million. Cash and cash equivalents increased from RM6.77 million as at 31 March 2019 to RM9.68 million as at 31 March 2020.

Except for new finance lease undertaken up for the purchase of machinery, no new bank borrowing was drawndown in the FYE' 20.

The Group had undertaken a private placement exercise involving the allotment of 10,000,000 new ordinary shares to third party which generated proceeds of RM2,900,000. These proceeds will be utilised to part finance the acquisition of a property development company.

Dividends

Although we currently do not have any dividend or distribution policy, we look forward to rewarding our shareholders in future for their continued support and faith in us.

Outlook, Challenges and Strategy

Against the backdrop of COVID-19 pandemic, consumer confidence is expected to remain resilient due to continuous effort by the government to initiate business friendly policies.

For the property development division, we have a proposed development of 6 blocks of 13-storey apartments (with a total of 404 units) at Teluk Air Tawar, Seberang Perai Utara, Penang which the Group originally intended to launch in the third quarter of calendar year 2020. While the management is confident that this project will be well received given its location and pricing, the launching will be delayed to first quarter of calendar year 2021 in view of prudent financial and risk management.

As for the manufacturing division, whilst its performance had been affected during the MCO period, business performance is expected to improve gradually for the remainder of the year barring any new development with regards to the Covid-19 outbreak.

ACME's Sustainability Approach

In ACME Holdings Berhad ("ACME" or "the Group") we believe that whilst we are committed to the goals of delivering financial returns to our stakeholders, we should also, in tandem, contribute to our surrounding communities and the natural environment in which we operate in. To build a sustainable business environment, we undertake innumerable initiatives to continuously refine our business ecosystem in creating a sustainable value chain.

In harmony with our goal, ACME endeavours to accomplish the following:-

- Persist in managing our business relationships ethically with a high level of governance;
- Advocate for financial and non-financial contributions, as our appreciation towards the community and its surrounding environment in which we operate in;
- Minimising the detrimental effect of operations towards the environment, by adopting a resilient business model.

Our Sustainability Reporting ("Statement") reflects our performance and progress of accomplishing our goal in creating a symbiotic relationship with the environment and our surrounding community. Forging ahead, we will continuously engage with our stakeholders to create a sustainable growth.

Reporting Scope and Boundary

This Statement is prepared in line with the requirement and guidance of Bursa Malaysia Securities Berhad ("Bursa Malaysia" or "the Exchange") Main Market Listing Requirements ("MMLR") – Practice Note 9, and the Sustainability Reporting Guide (2nd Edition) issued by the Exchange.

This year, we have continued the disclosure on our sustainability performance from the aspect of economic, environmental and social ("EES") matters as part of the Group's commitment in providing a transparent reporting to our valued stakeholders. This Statement focuses on the sustainability initiatives executed under our key subsidiaries, however exclude the entities which the Group does not have managerial control over its operations, for instance, our joint-venture partners, outsourcing vendors, suppliers or business partners. The scope of our reporting are defined below:-

Scope of Report	1 April 2019 to 31 March 2020
Reporting Cycle	Annually
Principle Guidelines	Bursa Malaysia's Sustainability Reporting Guide
Coverage	ACME and its subsidiaries

ACME aims to provide its stakeholders with all-inclusive information on the Group's performance. As such, we encourage our stakeholders to read this statement together with the Management Discussion and Analysis ("MDA") in this Annual Report, which reports both our financial and operational performance during the financial year.

Feedback

As part of our initiatives on continuous improvement for the betterment of the Group, and to our community as a whole in creating a sustainable environment, the Group welcomes and appreciates all constructive comments posed by our valued stakeholders on potential areas for improvements.

This Statement is available for download at our corporate website at www.acmeholdings.com.my.

Our Governance Structure

Under the leadership of our Board of Directors ("BOD" or "the Board"), the Sustainability Working Group ("SWG" or "working group") maintains its commitment in identifying areas for improvement over the sustainability strategies in relation to the Economic, Environmental and Social ("ESS") matters since its formation in 2019.

ACME recognises that the development and continuous improvement of the ESS strategies require team efforts to achieve its stakeholders' expectation. In view of this, the working group is structured to include our key management personnel who are responsible and accountable for the execution of the Group's ESS strategies, whilst monitoring its effectiveness from their respective area of operations.

The following core principles remained as part of the SWG's cornerstone in assessing the effectiveness of ESS strategies in ACME:-

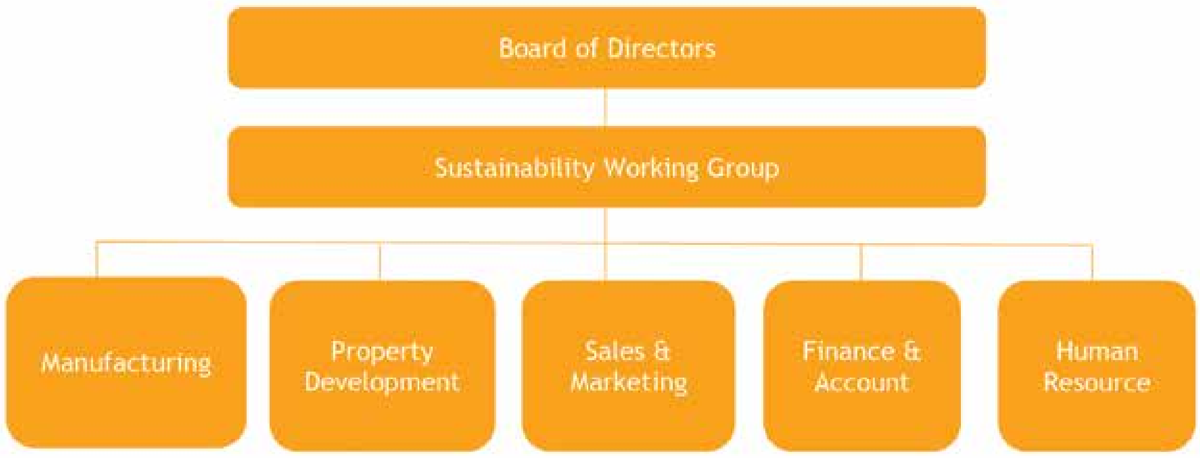
Aligning with the above-mentioned principles, the SWG meets at least once a year to discuss the overall performance of the Group's ESS initiatives, and work together to determine new sustainability insights for future growth. In March 9, 2020, the SWG held a meeting to discuss on the following matters:-

- Reviewed the governance structure of SWG;
- Reassessed the stakeholders' engagement analysis;
- Re-evaluated the sustainability matters disclosed in Annual Report ("AR") 2019; and
- Recommended new initiatives for the Financial Year Ended ("FYE") 2020.

Furtherance to the abovementioned processes, the review of ESS strategies and recommendation as made by the SWG will be properly communicated across ACME's Board of Directors ("BOD" or "the Board") upon the conclusion of each SWG meeting. This is to ensure that the SWG obtains full support from the Board in defining the moving-forward sustainability direction, allocating adequate resources, and approving the strategies to propel the sustainability matters.

Our Governance Structure (cont'd)

The governance structure of the Group are illustrated below:-



Stakeholders Engagement

In general, the stakeholder engagement is defined as an organisation's practice in establishing an open and transparent platform to engage with its various key stakeholders as identified by the Group. Such engagements are essential as obtaining their valuable views and feedbacks would permit ACME to identify sustainability opportunity or risks in which the Group may not have otherwise considered.

To achieve the aforesaid objective, our key management personnel undertake a stakeholder mapping exercise to determine the Group's indispensable stakeholders, as their expectation may immensely influence the Group's performance. Likewise, such exercise allows the Group to proritise and focus on the core matters which are raised by each identified group of stakeholders via various channel anticipated by ACME across the year.

In FYE 2020, the Group has predominantly engaged with the seven (7) key stakeholders as identified below.

Stakeholder	Types of Engagement	Frequency of Engagement
Government/Regulatory Bodies	• Report Submission • Meeting/Discussion • Audit Inspection Visit • Forum	• Ad-Hoc • Monthly • Annually
Employee	• Annual Performance Review • Grievances Procedures • Meeting/Discussion	• Ad-Hoc • On-Going • Half Yearly • Annually
Supplier/Vendor	• Evaluation and Performance Review • Meeting/Discussion • Vendor Registration • Contract Negotiation	• Ad-Hoc • On-Going • Half Yearly

Stakeholders Engagement (cont'd)

In FYE 2020, the Group has predominantly engaged with the seven (7) key stakeholders as identified below (cont'd).

Stakeholder	Types of Engagement	Frequency of Engagement
Customer	• Meeting/Discussion • Customer Satisfaction Survey • Contract Negotiation • Social Media • Corporate Website	• Ad-Hoc • On-Going • Daily
Shareholder	• Announcement • Annual General Meeting • Disclosure/Report • Social Media • Press Release	• Ad-Hoc • On-Going • Monthly • Quarterly • Half-Yearly • Annually
Public/Local Community	• Announcement/Disclosure • Social Media • Community Programmes	• Ad-Hoc • On-Going • Daily
Competitor/Industry Player	• Announcement/Disclosure • Social Media • Corporate Website • Forum	• Ad-Hoc • On-Going • Daily

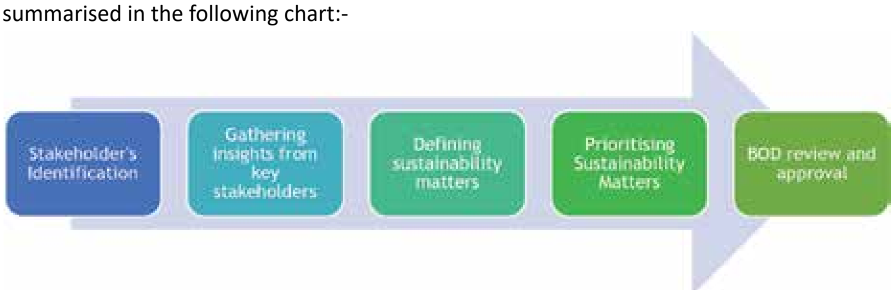
ACME acknowledges that its stakeholders play an important role in contributing to the success of the Group. As such, the Group has continually strived to ensure the key stakeholder's feedbacks are reasonably considered by its management, prior to its implementation and execution of sustainability approaches which are aligned with its stakeholders' expectation.

In an ever changing business environment, the Group envisages to aim and explore other means of engagement, as well as to identify new potential key stakeholders which may provide invaluable feedbacks for the advancement of the Group.

Materiality Assessment

Materiality assessment refers to an approach to identify, enhance, and evaluate the potential EES matters that concerns the various stakeholders' of the Group, which may potentially impact ACME's business sustainability. Hence, the Group views materiality assessment as a critical step in ensuring the ever evolving priorities of concerned stakeholders are properly addressed and adequate resources are deployed effectively.

In ACME, we begin the materiality assessment with the identification of key stakeholders' of which the Group has actively engaged with throughout the year. This process allows us to gather constructive feedbacks from our key stakeholders for the purpose of defining the matters which are vital to the stakeholders. Thereafter, our management team shall perform an internal assessment to prioritise the sustainability matters that are most relevant to our stakeholders and at the same time, prominent to the Group. These are performed through a plotting of sustainability matters in a matrix which are measured against the degree of importance of a matter to ACME's stakeholders, and its significance to the Group. The results of sustainability matters are subsequently presented to the Board for their review and approval. The process of materiality assessment are summarised in the following chart:-



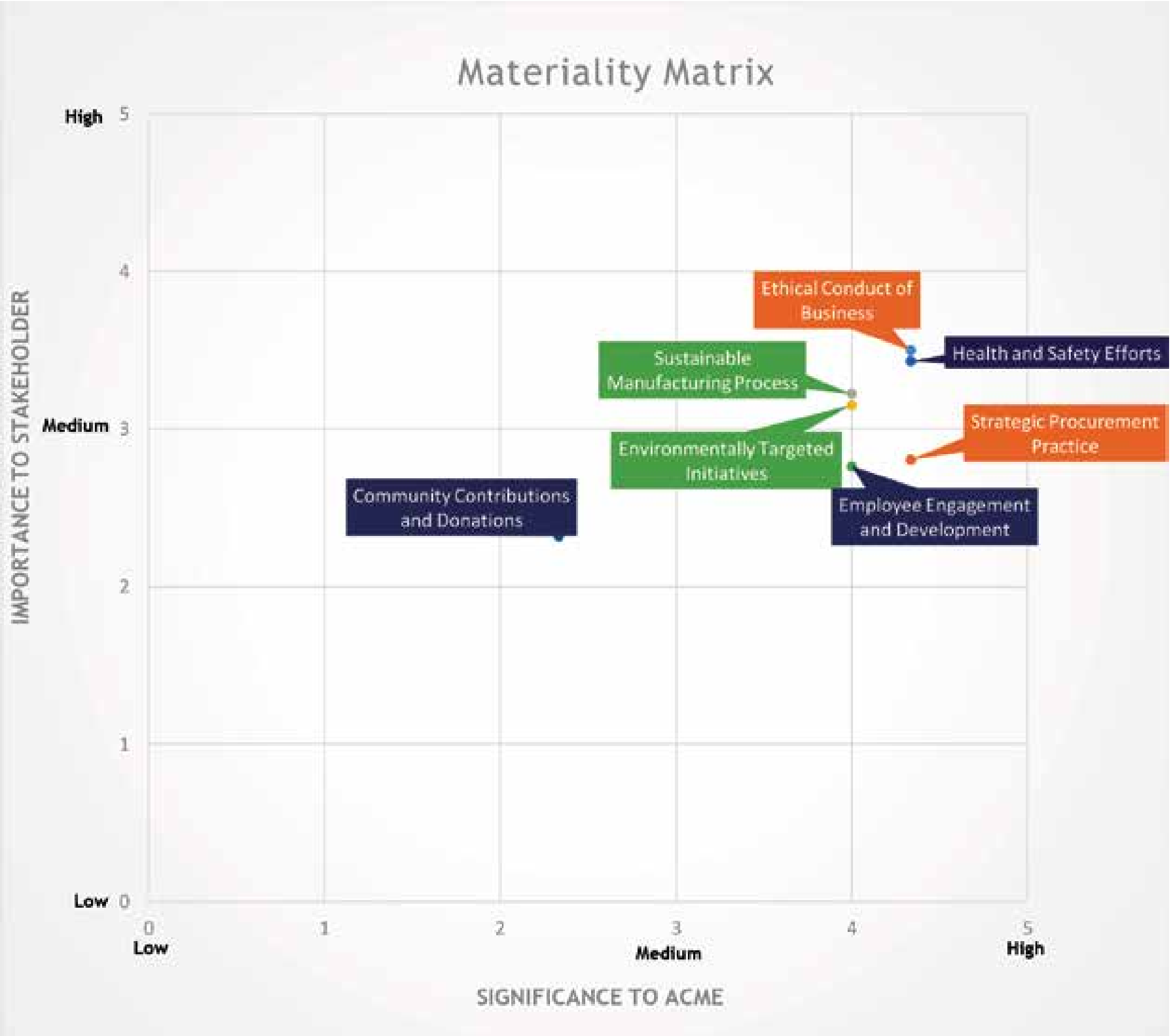
Materiality Assessment (cont'd)

In 2020, the Group has re-evaluated its materiality assessment in accordance with its internal guidelines as well as industrial benchmarking practices, with the conclusion that a total of seven (7) key matters remain integral to the Group as well as our valued stakeholders.

Concisely, the EES matters that the Group has placed emphasis on its resources allocation in Year 2020 are presented below:-

As a point of reference, the said matters are plotted under the materiality matrix which outlines the degree of importance of a matter to ACME's stakeholders (Y-axis), and the level of significance to the Group (X-axis).

Materiality Assessment (cont'd)



In response to the results presented in the materiality matrix, ACME is able to make informed decisions and strategised its sustainability approach which reflects the Group's commitment in meeting its stakeholders' expectations. Detailed disclosure of our sustainability performance are represented in the following section.

Economic Sustainability Matters

Ethical Conduct of Business

At ACME, it is of paramount importance for us to uphold the highest standards of integrity and business ethics in the areas where we operate, whilst observing all relevant laws and regulations imposed by the national and local authorities. We acknowledge that integrity, ethics, and compliance act as the key foundation to the success of our business. Hence, we have placed greatest emphasis in this matter, and is committed to ensure all relevant parties associated with our Group are fully apprised with this elementary requirement, during their course of employment or engagement with us.

Primarily, we pledge to ensure our business conducts are in compliance with the following laws, regulations and voluntary codes introduced by the government of Malaysia which are applicable to us:-

The Group and its employees are responsible to ensure their daily conducts are in compliance with the abovementioned rules and regulations. As such, we have maintained a set of extensive policies and standard operating procedures ("SOP") within the Group to ensure our employees and business associates are guided by the right principles and procedures in discharging their duties for or on behalf of ACME. Over and above, the Group had mandated the practice of conducting internal audit procedures on a planned interval to review its current practice and degree of compliance with the internal policies and procedures, which aid the Group in identifying, refining, and improving on the current processes.

As a listed company in Malaysia, we will make every effort to promote good corporate governance practice within the Group. This aligns with the practices outlined in Bursa Malaysia's Main Market Listing Requirements ("MMLR"), Malaysia Code of Corporate Governance ("MCCG"), Sustainability Reporting Guide and other related guidelines.

To further cultivate good governance practice, ACME encourages its stakeholders to report any potential or actual malpractice or misconduct committed by our employees or our business partners through the Whistleblowing practice. Such practice provides the opportunity for us to collect valuable feedbacks and issues from our stakeholders, which may help the Group in preventing, detecting and mitigating the risks associated in its current operation. Nevertheless, we did not receive any reports in FY2020 from the whistleblowing channel.

The Group is also cognisant with the latest amendments made towards the Malaysian Anti-Corruption Commission ("MACC") Act 2009 in the Year of 2018, where corporate liability are introduced for corruption offences. Furtherance to the amendment, Bursa Malaysia has updated its Main Market Listing Requirements ("MMLR") whereby all listed companies in Malaysia are expected to establish an Anti-Corruption Policy and a Whistle-blowing Policy, stipulated under Chapter 15 of Corporate Governance.

Economic Sustainability Matters (cont'd)

Ethical Conduct of Business (cont'd)

With the aforesaid updates, ACME has allocated its resources to implement an Anti-Bribery Management System ("ABMS") for the Group and its subsidiaries. Such system is to be implemented by referring to the guidelines on adequate procedures issued by the Prime Minister Department in December 2019. As of 31 March 2020, the Group is in the midst of finalising its ABMS. Thus, the details of implementation shall be updated accordingly in the following year of reporting.

Apart from that, we are committed in maintaining regular communication and consultation with the relevant authorities to ensure we keep abreast of the latest development or updates on the laws and regulations which are impactful to our business. We believe that with the emphasis we have given in ensuring compliance with all applicable laws and regulations will subsequently open up to a smoother and effective operation.

Strategic Procurement Practice

We are always mindful that maintaining a sustainable supply chain is an essential strategy for the Group's operational excellence. At the same time, it is also part of our ambition to stimulate the local economy where we operates. To achieve the goal, we are committed in giving prominence to local procurement practices whenever applicable, without compromising on the cost, quality or safety of a product or services acquired.

As a general rule, our procurement practices are governed by a set of internal procurement policies and procedures to ensure that our engagements with suppliers are conducted in a fair and transparent manner. Suppliers are screened through by our experienced management team with pre-defined criteria before a business decision is made. Thereafter, our team will continue to monitor and assess their performance through a supplier's evaluation exercise which will be conducted on an annual basis.

Upon completing the suppliers' performance evaluation, a pool of qualified suppliers will be maintained in our Group's database to mitigate the supply chain risk of operation disruptions. Together with proper planning and monitoring over the level of our raw materials, work-in-progress goods, and finished goods, ACME will always strive to deliver its products to customers in accordance with the agreed time frame.

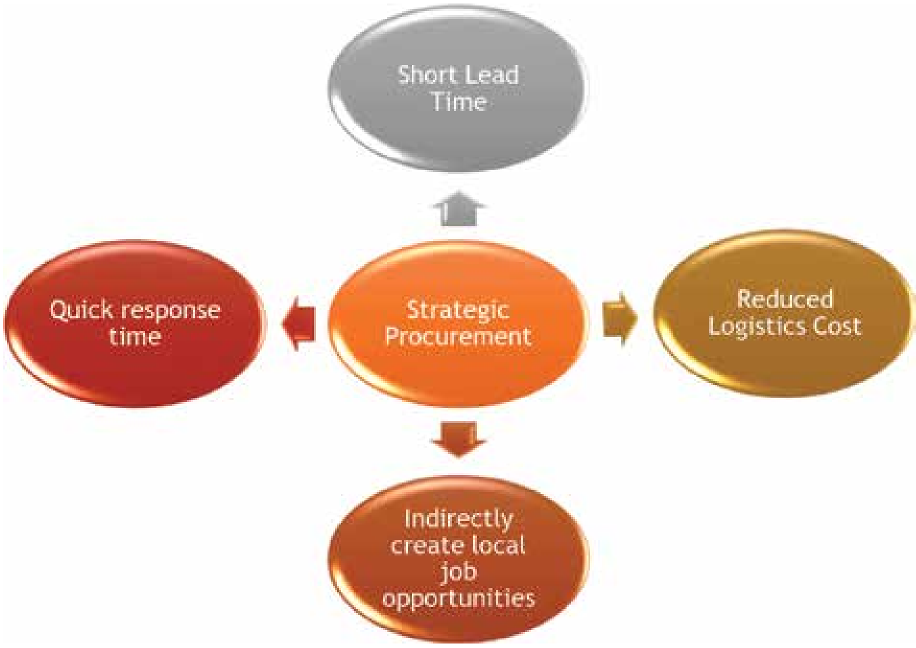
Guided by the aforesaid policies and procedures, with reference to the total purchases made by the Group throughout the reporting year, ACME had achieved remarkable results in FY 2020, whereby our top ten (10) suppliers are 100% local based companies. Collectively, we have attributed to an expense of approximately RM8 million in our Group's purchases to the said suppliers. In summary, our FY2020 performance is presented in the following graph:-

In a nutshell, our Group believes that various positive effects can be created through strategic procurement practice (i.e., local procurement) which will be mutually beneficial between us, the suppliers, and the economy of Malaysia.

Economic Sustainability Matters (cont'd)

Strategic Procurement Practice (cont'd)

Among which, the benefits are:-



Environmental Sustainability Matters

Sustainable Manufacturing Process

In our effort to minimise carbon footprint in the environment where we operate, we have to nip the source of the problem in the bud. As such, we placed our focal point in the process of sourcing for raw materials. Presently, our raw materials, (i.e. resin) forms the bulk of our purchases. Therefore, we aim to reduce the use of virgin resins in our business operations. In FY 2020, we managed to reduce the use of virgin resins from our production line from 35% (FY 2019) to 25%.

The Group also acknowledges that a more circular approach is necessary when dealing with plastics. In this respect, our materials can be recycled and form a continuous flow around the 'closed-loop' system. Alongside with reducing our production costs, we are able to minimise the amount of production waste which is in line with our goal to build a sustainable business.

Environmental Sustainability Matters (cont'd)

Sustainable Manufacturing Process (cont'd)

In FY2020, we have continued our initiative to enforce an internal recycling process within the production cycle with the aim of reducing production wastes. Primarily, all sub-standard or defective goods are transported to the designated area to be grounded in accordance to their quality, condition and colour. Subsequently, the newly grounded materials, now known as recycled resins shall be packaged and delivered to the production line awaiting for use as recycled raw materials.

By the same token, we try to reduce the amount of production wastes by ascertaining that our machineries are well maintained at its optimum condition through periodical inspection and maintenance practices. As such, our production line is operating at an optimised level, ensuring that our production wastes falls below our tolerable threshold. Through such efforts, we are able to play an active role in reducing our operational impact to the environment.

As a mean to provide greater clarity of our performance to the stakeholders, we are working out with an approach to measure our efforts made in the said recycling process. An update shall be provided to our valued stakeholders in our future reporting.

Environmentally Targeted Initiatives

Supplementary to the actions taken above, we have continued our efforts in the execution of our additionally targeted initiatives during the year.

Due to the nature of our business, plastics are one of the main source of raw materials required in our daily operational activities, particularly during the packaging process. Intrinsically, apart from our initiatives undertaken through our in-house recycling practice, we would relentlessly encourage other forms of recycling plans for all unused materials throughout the manufacturing processes. Items such as plastic storage bags, papers, cartons, wrapping films shall be assessed for their recyclability before such items are segregated into their respective recycling bins.

Accordingly, the Group engages with its recycling vendors for the collection of recyclable materials on a bi-monthly basis or whenever necessary. The following graph illustrates the total amount of materials recycled in FY2020, categorised into different types of materials.

Moving forward, the Group endeavours to continue in monitoring of its recycle activities, and ensure our waste production are generated, stored, and disposed responsibly, and in accordance with the regulatory standards set by the Department of Environment ("DOE").

In a similar manner, we diligently oversee our usage of electricity and water in our offices whilst conducting our daily activities. In the event that peculiar deviations is detected, it shall be investigated and resolved accordingly. Through such initiatives, our collected data indicates that in March 2020, we have managed to reduce our electricity and water consumption by 28% comparatively.

Environmental Sustainability Matters (cont'd)

Environmentally Targeted Initiatives (cont'd)

As we continue to grow, we will incorporate additional initiatives in our efforts as our way of protecting the environment that we operate in.

Social Sustainability Matters

We are committed to contribute to social responsibilities by placing significant level of importance in serving the community we operate in. In the meantime, the Group also focuses on future generations, and to better secure a safe and healthy workplace for all our young employees and business associates. These are reflected via the Group's unwavering support towards the employees, as well as our continuous support in time, monetary support and benefit-in-kinds to the selected charitable organizations.

Health and Safety Efforts

The Group recognises that our employees are key assets in attaining the Group's sustainability agenda in long run. Hence, it is an imperative measurement for the Group to continually foster a healthier workplace for all levels of employees. The Group also strives to maintain a safer working environment whilst creating a positive working environment that is efficient, relaxed and affectionate. These objectives are achieved via our commitment to strictly comply with applicable rules and regulations such as Occupational Safety and Health Act 1994, Environmental Quality Act 1974, Factories and Machinery Act 1967, and Fire Services Act 1988, together with various initiatives that are held for the benefit of our employees.

Our Health and Safety Policy acts as a preliminary guidance to all our employees in observing the activities concerning their health and safety measures. Our Policy governs the key subjects such as:-

Emergency Response Team

Responsiveness and readiness of Emergency Response Team ("ERT") in respoding and assisting the hazardous incident.

Safety Equipment

Maintenance of key safety equipment such as fire extinguishers, water hose reels, water storage tanks, personal protective equipment, first aid kits and etc.

Safety and Health Committee

Defined roles and responsiblities in oversseing the safety and health measures within the Group.

Social Sustainability Matters *(cont'd)*

Health and Safety Efforts (cont'd)

We are glad to report that there were no major incidents occurred within our operating premises which may cause severe disruption to our operations or bring significant harm to our employees over the said reporting year. The Group pursues to ensure that by seamlessly incorporating a safe and healthy culture within our daily operations, employees' confidence and morale are supported when working at the Group.

Covid-19 Pandemic

In March 2020, COVID-19 outbreak has become a major concern among the communities where we lived in. Abiding to the announcement made by our Prime Minister on 16 March 2020, we have ceased our operation temporary to ensure we have sufficient time to prepare the necessary safety measurement for the health and safety of our employees. Additionally, our management ensures that the measurements are in placed accordingly and in compliance with the guidelines as issued by the Department of Occupational Safety and Health ("DOSH"). We resumed our operation in April 29, 2020, with Covid-19 mitigation initiatives as follows:-

- Practising Social Distancing of 1 Meter among employees and/or visitors
- Initiate temperature checking to all personnel prior entering to our business premise
- Ensure sanitisation work is conducted at least 3 times a day
- Provided Personal Protective Equipment ("PPE") to all levels of employees
- Communicate our Standard Operating Procedures ("SOP") to all employees
- Prepared sufficient hand sanitiser for employees' use

As at the date of the preparation of this report, we are pleased to inform that there was no case of COVID-19 being confirmed amongst our employees. Nevertheless, ACME will continue to prevail necessary efforts in fighting against this pandemic together with all communities and keep abreast to the latest development of said matters.

Employee Engagement and Development

ACME is an equal opportunity employer as we place great emphasis towards the well-being and career development or progression of our employees. The Group upholds the values of engaging with all levels of employees in a very active manner, regardless of the gender, ethnicity, background, cultural affiliations and age of the employee.

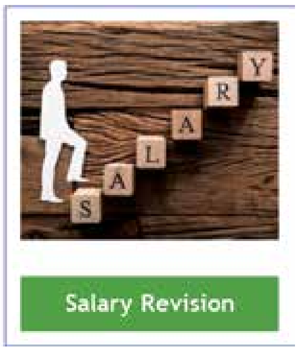
Social Sustainability Matters *(cont'd)*

Employee Engagement and Development (cont'd)

With the commitment from the Senior Management, the Group is determined in achieving the following goals and objectives:-

The Group understands the importance in preserving a close engagement with its employees as to assure the deliveries products and services are of high level of quality. Our management teams are obliged to maintain a closer tie with the team members to assess, understand and resolve the challenges as faced by them within their respective business units or functions. In the meantime, we cultivate an open working environment by encouraging our workers to discuss and propose their ideas freely with our management teams. Such approach is aimed at providing the much needed inspiration to the employees in contributing to the Group's business success whilst realising their personal potentials.

As much as the Group emphasises the progress of our employees, we implement a merit-based principle in associating the reward system with the individual's performance and contribution to the Group. The performance of our employees will be assessed in a fair and transparent manner, prior to determining the appropriate awards which can be distributed in the following forms:-



Social Sustainability Matters (cont'd)

Employee Engagement and Development (cont'd)

Besides, the Group also establishes continuous development programs for the employees in ensuring they are growing and developing progressively with us. Such efforts can be seen in the training programs which ACME had provided for its employees over the past 12 months. The said programs can be delineated as follows:-

- Sales Tax Tariff Codes and Sales Tax Valuation
- Data Analytics
- Accreditation Programme
- IFRS Masterclass
- Internal Audit Function
- Practical Accounting Skills
- On-the job training programs

Furtherance to their participation in the training programmes, the employees are also encouraged to share and disseminate the knowledge which they garnered via the training programs to other corresponding team members.

The aforesaid training programs are aimed at helping the employees to elevate themselves at a personal level, whilst providing them with a platform to develop a progressive career path. It also assists the Group in identifying the potential candidates in securing its succession planning in a more systematic and sustainable way.

Community Contribution and Donations

The Group is persistent in fulfilling its social responsibility as it is part of our commitment in improving the lifestyles and wellbeing of the society. Throughout the year, we have made donations worth RM108,813 to educational institution and charitable organisation with the aim of promoting sustainable education system to the next generation.

Other than that, our Group also plays a role in property development, where we are committed to deploy adequate resources towards the development of our low cost residential project, situated at Teluk Air Tawar, which we have completed about 70% of the construction. The said project has 160 units that comes with affordable pricing, as part of the Group's efforts to provide a better living environment to the less-fortunate families. Although it is part of our regulated responsibility, we strive to ensure that the quality of our projects are not being compromised with the cost associated with it. For good measure, our project comes with a promenade park right next to seafront, and will be opened up to not only our residence, but to the public community living around the area.

The management team in ACME understand that the consumers are increasingly aware of the importance of social responsibility, and pose greater expectations for the business to be conducted in a much sensible and ethical manner. For this reason, the Group would continue its strenuous efforts in in addressing the social issues.

Moving towards a Sustainable Future

Whilst preparing for our sustainability reporting framework, we are able to assess our performance through socio-environmental perspective. Furthermore, we are able to evaluate our past performances which serves as a benchmark for us to manage and track our goal in emerging as a sustainable and resilient business in this ever-changing environment.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of ACME Holdings Berhad ("ACME" or "the Company") recognises the importance of good corporate governance and is committed to ensure that good corporate governance is being practised by the Group in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

The ensuring paragraphs in this Statement sets out the manner in which the Group has applied and the extent of compliance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("MCCG" or "the Code").

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE PRINCIPLE A: BOARD

LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment and controls over business operations.

The Board delegates and confers some of its authorities and discretion to the Chairman, Executive Director, and Management as well as to properly constituted Board Committees comprising mainly Independent Non-Executive Directors as at Financial Year End 2020 ("FYE'20"). The role of Management is to support the Executive Directors and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and the Group.

The Board Committees are made up of the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"); and are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR").

The Chairman of the relevant Board Committees reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

In general, the roles of Independent Non-Executive Directors are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

Key matters reserved for the Board's approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

1. Board's Leadership on Objectives and Goals (cont'd)

1.1 Strategic Aims, Values and Standards (cont'd)

In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group. The Board assumes the following core responsibilities:

i. reviewing and adopting a strategic plan for the Group and to institute a regular and formal board strategy review to ensure that the strategic plan support long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability of its business and Group operations;

ii. overseeing the conduct of the Group's business, supervise and assess management's performance to evaluate whether the business is being properly managed and that the Group's performance is skewed towards achieving its strategy not withstanding that some of the subsidiaries have separate Board of Directors;

iii. review, challenge and decide on management's proposals for the Company and monitor its implementation by management;

iv. anticipate changes in the market and ensuring that the Group's capabilities and resources are sufficient to manage uncertainties;

v. identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

vi. succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;

vii. developing and implementing an investor relations programme or shareholder communications policy for the Group;

viii. reviewing the adequacy and the integrity of the Group's risk management, internal control systems and management information systems, including systems/reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;

ix. determining the remuneration of non-executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;

x. ensuring that the Company's financial statements are true and fair and other conform with the laws; and

xi. ensuring that the Company adheres to high standards of ethics and corporate behaviour.

In order for the Board to clearly execute its duties and responsibilities along with the roles played by the Board Committees and Management, the Board adopted a Board Charter which sets out the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management, taking into consideration principal responsibilities.

The Board Charter is subject to periodic review to ensure that it continues to be relevant and applicable as a reference to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. In addition, the Board Charter also contains formal schedule of matters reserved by the Board for deliberation and decision.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

1. Board's Leadership on Objectives and Goals (cont'd)

1.1 Strategic Aims, Values and Standards (cont'd)

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met five (5) times during the year under review. The meeting attendance record of the Directors is as follows:

Name of director	Number of meetings held	Number of meetings attended
Ooi Soon Hong	5	5
Lee Chiong Meng	5	5
Lim Shiou Ghay	5	5
Tan Chee Keong	4	4
Dato' Sri Dr. Lee Kuang Shing *(resigned on 20 January 2020)*	4	4
Andrew Su Meng Kit *(resigned on 10 July 2019)*	1	1

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the Listing Requirements ("LR"), a Director of the Company must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to the Company.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held by the Directors of the Company and for notification to Companies Commission of Malaysia accordingly.

The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.

The details of training attended by the rest of the Directors during FYE'20 are as follows:

Name of Director	Course Title	Date
Ooi Soon Hong	IFRS Masterclass 2019	20 September 2019
Tan Chee Keong	Evaluating Effective Internal Audit Function – Audit Committee's Guide on how to	15 October 2019
Tan Chee Keong	National Tax Conference 2019	5 & 6 August 2019

In the future, the Nomination Committee ("NC") will continue to evaluate training needs amongst the Directors and recommend to the directors as and when required.

1.2 Chairman of the Board

The Board is led by an Independent Non-Executive Chairman supported by an experienced Board, comprising members with wide ranging experience in relevant fields such as general management, accounting and finance industry and information technology. The Chairman is responsible for leading the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

He provides leadership and governance of the Board in order to create a conducive condition geared towards building and growing Directors' effectiveness and ensure that appropriate issues are discussed by the Board in a timely manner. As part of that role, Chairman ensures that no member dominates discussion and that appropriate discussions take place with relevant opinions among members forthcoming.

Other roles of the Chairman include leading the Board in the oversight of management, ensuring adequacy and integrity of the governance process and issues, maintain regular dialogue with top management over operational matters and seek opinion of fellow Board members over any matters that give cause for major concerns.

LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

1. Board's Leadership on Objectives and Goals (cont'd)

1.3 Separation of the position of Chairman and the Managing Director

The Chairman of the Board is Mr. Lim Shiou Ghay, the Independent Non-Executive Director of the Company, the role of the Managing Director is assumed by an Executive Director, Mr. Ooi Soon Hong. There is clear division of responsibilities between the Chairman of the Board and the Managing Director. This division of responsibilities between the Chairman and the Managing Director ensures an appropriate balance of roles and responsibilities and accountability. The Chairman lead the Board to ensure its smooth and effective functioning.

1.4 Qualified and competent Company Secretary

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Bursa Malaysia Securities Berhad ("Bursa Securities") LR and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

1.5 Access to information and advice

The Company Secretaries are competent, qualified and capable of providing the needful support to the Board in discharging its fiduciary duties.

The Company Secretaries, or their assistants, are present at all meetings to record deliberation, issues discussed and conclusions in discharging their duties and responsibilities and also provide advice in relation to relevant guides and legislations. Other roles of the Company Secretaries included coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

The Directors, whether as full Board in their formal capacity, may upon approval from the Board seek independent advice when required, in furtherance of their duty, at the Group's expense.

2. Demarcation of responsibilities

2.1 Board Charter

The Board has made available its Board Charter on the corporate website. The document clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insights into the fiduciary and leadership functions of the Directors of the Company. The Board reviews its charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board reviewed its Charter on 28 June 2019 and the revised Board charter is available at its corporate website.

LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

3. Good business conduct and corporate culture

3.1 Code of Ethics and Conduct

The core values of Quality, Branding, Social Obligations, Shareholders and Human Resource as observed by everyone from Directors down to employees and are integral in driving the Group's direction and sustainability. The Work Ethics of the Group and the Employee Handbook are available and serve as guide for the employees and Management on professional and ethical behavior to safeguard the reputation of the Group. The Collective Agreement and the Employee Handbook detailed, among others, general employment terms and conditions, compensation and benefits and discipline. There is a formalised Board Code of Conduct which reflects the Board's commitment to ethics and compliance with applicable laws and regulations. The Board Code of Conduct provides guidance to its Directors on ethical standards which the Directors shall adhere to in carrying out their fiduciary duties and responsibilities. It sets out the principles that Directors need to observe particularly in respect of conflict of interest and no improper use of assets. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. It is also a way of providing tangible evidence of their commitment to diligence, probity and fairness in exercising their duties and responsibilities to make informed decisions in the best interest of the Group.

3.2 Whistleblowing Policy

In line with good corporate governance practice, the Company has set out a Whistle Blowing Policy which delineates whistleblowing procedures as an independent feedback avenue for the employees and stakeholders to raise genuine concern on unethical behaviour such as fraud, corruption, criminal offences and miscarriage of justice or endangerment of an individual's health and safety that is taken place to the Board. Multiple channels of reporting are set up to encourage stakeholders to report directly to the Head of Department or the Chairman of Audit Committee of the Company. Reports made shall be scrutinised promptly and appropriate course of action shall be implemented accordingly.

3.3 Anti-Bribery & Corruption Policy

The Anti-Bribery & Corruption Policy had been established to prevent bribery and matters of corruption for. It is our policy to conduct all of our business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or reenactments that may be made by the relevant authority from time to time. We take a zero-tolerance approach to Bribery and Corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

II. BOARD COMPOSITION

4. Board Objectivity

4.1 Board composition

As at FYE'20, the Board comprise of four (4) Directors which consist of three (3) Independent Directors and one (1) is Executive Director. In line with this, the Board composition complies with the LR of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

On 20 January 2020, the Board had re-designated Mr. Lim Shiou Ghay as Independent Non-Executive Chairman of the Company and Dato' Sri Dr. Lee Kuang Shing had resigned as Executive Chairman of the Company on the same date.

The Board of the Company currently has majority of Independent Directors. Further, the current composition of all Board Committees, which made up of only Independent Directors affirmed the Board's commitment towards independence to provide strong check and balance in the Board's functioning.

With the Independent Directors, being 75% of the Board composition, the Board has exceeded the composition recommendation for Independent Directors to comprise half (50%) of the Board. The Board is of the view that the present Independent Directors, with the breadth of professional and business background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, independent and unbiased opinion and viewpoints.

The profile of each Director is detailed under Profile of Directors in this Annual Report.

LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

4. Board Objectivity (cont'd)

4.2 The tenure of an independent director

The Board is mindful of the recommendation of the Code for the tenure of an Independent Director not exceed a cumulative or consecutive term of nine (9) years. However, an Independent Director who had exceeded the prescribed nine (9) years may continue to serve the Board subject to re-designation as Non-Independent Non-Executive Director. As at to-date, none of the Independent Directors have served on the Board for a cumulative or consecutive term of nine (9) years.

4.3 Policy on the tenure of an independent director

The Board Charter limits the tenure of its Independent Directors to nine (9) years. In the event the Board intends to retain a Director as Independent Director after the latter has served a cumulative or consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at AGM.

4.4 Diverse Board and Senior Management Team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

4.5 Gender diversity

At present, the Company maintains a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity culture. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates.

Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

Notwithstanding the absence of female board member, the Group's female staff made up 40% of the total staff.

4.6 Diverse sources for new candidate(s) for Board appointment

The Company has in place, its procedures and criteria for identifying candidates for appointment of directors. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.

4.7 Nomination Committee

The NC comprised solely of Independent Directors and its present composition is as follows:

Chairman	:	Lim Shiou Ghay , Independent Non-Executive Director
Members	:	Lee Chiong Meng , Independent Non-Executive Director
		Tan Chee Keong , Independent Non-Executive Director

The NC would meet at least once annually with additional meetings convened on as and when needed basis.

LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

4. Board Objectivity (cont'd)

4.7 Nomination Committee (cont'd)

The objectives of the NC are:

a) To recommend candidates to the Board of Directors. The NC shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, experience and other core competencies. Based on the process and procedures laid out and ensure proper documentation of all assessment and evaluation on the effectiveness of the Board, the Board Committees and the contribution of each individual Director.
b) To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election.
c) To evaluate training needs for Directors annually.
d) To arrange induction programmers for newly appointed Directors to familiarise themselves with the operations of the Group though briefings by the Managing Director.

During the year under review, key activities undertaken by the NC are summarised as follows:

a) Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
b) Reviewed the level of independence of the Independent Directors.
c) Discussed the character, experience, integrity and competency of the Directors, chief executive or chief financial officer and ensured that they have the time to discharge their respective roles.
d) Discussed and recommended the re-election/retention of Directors, as applicable at AGM.
e) Reviewed the term of office and performance of the AC and its members pursuant to para 15.20 of the MMLR of Bursa Securities. The assessment was carried out by way of a discussion in the Board and self-evaluation by the AC given that the composition of the NC is the same with AC.
f) Conducted annual assessment on Board, Board Committees and individual Directors.

Reviewed and adopted the revised TOR for the NC. The TOR of the NC is published on the Company's website.

5. Board Assessment

5.1 Overall Effectiveness of the Board and Individual Director

It is the responsibility of the NC for the overall board effectiveness evaluation process, which includes an assessment of the Board, Board Committees and individual Directors. The appraisal which was carried out through documented questionnaires that comprises quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee was being circulated at the Meeting for assessment.

The NC, upon conclusion of the exercise carried out on 21 May 2019, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. Additionally, independent Directors were assessed to be objective in exercising their judgement.

III. REMUNERATION

6. Level and composition of Remuneration

6.1 Remuneration Policy

It is vital for the Group to attract and retain Directors of the necessary caliber to run the Group successfully. The Group has established RC to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key Management personnel.

LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION (cont'd)

6. Level and composition of Remuneration (cont'd)

6.1 Remuneration Policy (cont'd)

Procedures, such as establishing the remuneration framework of the Company, assessing and recommending the remuneration packages for Directors and Senior Management, and other relevant tasks are currently carried out by the RC prior to the necessary reporting to the Board. The RC recommends to the Board, the remuneration framework and package of the Executive Director, taking into consideration of the experience, level of responsibilities undertaken and the performance of each Executive Director. Directors' fees are recommended by the Board for approval by the shareholders of the Company at Annual General Meetings.

A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place.

The current remuneration policy of the Group is summarised as follows:
a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflects the performance of the director, skills and experience as well as responsibility undertaken.
b) Fees and benefits payable to Non-Executive Directors are subject to approval by its shareholders at the AGM.
c) Meeting allowance – All the Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year.
d) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

6.1 Remuneration Committee

At present, the RC consists solely of Independent Directors as below:

Chairman	:	Lim Shiou Ghay, Independent Non-Executive Director
Members	:	Lee Chiong Meng, Independent Non-Executive Director
		Tan Chee Keong, Independent Non-Executive Director

The RC reviews and recommends matters relating to the remuneration of Board and Senior Management. The RC has established a written TOR to encompass authorities and duties of the RC. The said Terms of Reference is published on the Company's website.

The key duties of the RC included the following:

a) To determine and recommend to the Board the framework for the remuneration, in all forms, of the Executive Director and/or any other persons as the Committee is designated to consider by the Board, drawing from outside advice as necessary; and

b) To implement/maintain a reward system for Executive Director based on individual performance and the Group's results. The following factors shall be taking into consideration in determining the quantum of remuneration: position and scope of work, long term objectives of the Group, complexities of Group activities, individual performance, length of service, experience and mark-to-market salary.

LEADERSHIP AND EFFECTIVENESS (cont'd)

III. REMUNERATION (cont'd)

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' remuneration

In order to enable stakeholders to assess whether the remuneration of Directors commensurate with their individual performance, the detailed disclosure on named basis for the remuneration of Directors during Financial Year 2020 is as disclosed below:-

A. Detailed Remuneration

	Remuneration				
Directors	**Fees (RM)**	**Other Salaries (RM)**	**Allowances (RM)**	**Bonus (RM)**	**Total (RM)**
Received from Company & Group Level					
Mr. Ooi Soon Hong *	20,000	222,829	70,000	30,000	342,829
Dato' Sri Lee Kuang Shing *(resigned on 02 January 2020)***	16,515	390,636	-	134,200	541,351
Received from Company Level					
Mr. Lee Chiong Meng	12,000	-	800	-	12,800
Mr. Lim Shiou Ghay	12,000	-	800	-	12,800
Mr. Tan Chee Keong	11,000	-	800	-	11,800
Mr. Andrew Su Meng Kit *(resigned on 10 July 2019)*	92,200	-	-	-	92,200
Total	163,715	613,465	72,400	164,200	1,013,780

* Further breakdown of the remuneration received by Mr. Ooi Soon Hong is RM20,000 (received from Company Level) and RM322,829 (received from Group Level).

** Further breakdown of the remuneration received by Dato' Sri Lee Kuan Shing is RM16,515 (received from Company Level) and RM524,836 (received from Group Level).

7.2 Details of top five senior management's remuneration on name basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE ("AC")

8. Effective and independent Audit Committee

8.1 The Chairman of the AC is not the Chairman of the Board

The Chairman of the AC is Mr. Tan Chee Keong who is an Independent Director whereas the Chairman of the Board is Mr. Lim Shiou Ghay. Presently, the AC are comprised solely of Independent Directors.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. AUDIT COMMITTEE ("AC") (cont'd)

8. Effective and independent Audit Committee (cont'd)

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

As at to-date, the Company has not appointed any former audit partner as a member of the AC.

Nevertheless, the Board has updated within its External Auditor Assessment Policy to stipulate that no former key audit partner shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least two (2) years before the appointment.

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

The AC has formalised a policy which stipulates the procedures to assess the suitability, objectivity, and independence of external auditors which encompasses consideration of the nature and extent of non-audit services provided external auditors alongside the appropriateness of the level of fees.

During the year, the AC conducted an annual assessment of the external auditors based on the following conditions:-
- the quality of audit procedures and work provided;
- the adequacy of experience, technical support and resources;
- the independence and objectivity of external auditors;
- the internal communication quality of external auditors with the Board and/or AC; and
- any other criteria deemed fit by the AC and/or the Board.

Additionally, the said policy stipulated circumstances under which contracts for the provision of non-audit services could be entered into and procedures that must be followed by the external auditors. During the year, the external auditors reported the details of the non-audit services rendered which includes tax compliance and the review of the Statement on Risk Management and Internal Control.

Furthermore, the external auditors provided a confirmation to the AC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

On 25 June 2020, an annual assessment on the suitability and independence of external auditors was conducted by the AC. The AC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for FYE'20, was satisfied with their competency, suitability and independence. The AC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the Thirtieth AGM.

In addition to the above, the AC meets with external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Director and the Management. Also, the AC meets with the external auditors additionally whenever the need arises. Two discussion sessions between the AC and the external auditors were held on 20 February 2020 and 25 June 2020, respectively. Furthermore, the external auditor attends every annual general meeting whereby the financial statements of the company for a financial year are to be laid to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

8.4 Composition of the Audit Committee

Although not required to observe this, the AC comprised solely of Independent Directors as the Board observes and values the independence of the AC.

8.5 Diversity in skills of the AC

The AC currently comprised of members with necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities and provide an effective level of challenge to the Management. On an ongoing basis, the AC members will participate in training and development sessions in order to ensure that they are updated with the latest developments in accounting and auditing standards, guidelines and practices.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Effective risk management and internal control framework

9.1 The board should establish an effective risk management and internal control framework.

In order to be effective in discharging these responsibilities, the Board is assisted by the AC which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.

In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.

9.2 Disclosure on the features of its risk management and internal control framework

During the year, an assurance is provided by the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the year under review and up to the date of this Statement to the Board. Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and the risk management is considered adequate for the Group's business operations.

The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly within the Annual Report.

9.3 Establishment of a Risk Management Committee

The Board was considering on setting up a Risk Management Committee by the end of year 2020.

10. Effective governance, risk management and internal control

10.1 Effective of internal audit function

As disclosed within the TOR of the AC, one of the primary responsibilities of the AC is to administer the review and assessment of the Company's internal audit function.

The internal audit function is currently outsourced to an external professional firm/service provider who reports directly to the AC, i.e. by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures.

On an annual basis, the AC carries out an assessment on the performance of the outsourced internal audit function and reports such assessment to the Board.

Details of the internal audit function and activities relevant to the discharge of the AC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report of the Company's Annual Report 2020.

10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system. The activities of the internal auditors during the financial year are set out in the AC Report in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between the Company and stakeholders

11.1 Effective, transparent and regular communication with its stakeholders.

The Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information/results are made available through timely announcements and disclosure, executed via the Bursa Securities website, the Company's webpage, press releases and annual reports in line with the disclosure requirements of LR.

Additionally, the Company emphasises on providing a principal platform for dialogue and interactions with stakeholders, i.e. primarily its shareholders, through its Annual General Meeting. The Annual General Meeting serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general.

11.2 Integrated Reporting

Integrated Reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Company".

II. CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholder Participation at General Meetings

12.1 Notice for an Annual General Meeting

The notice to the upcoming AGM in 2020 has been provided more than twenty-eight (28) days in advance to enable stockholders to make adequate preparation.

12.2 All directors to attend General Meetings

All the Directors of the Company attend General Meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending General Meetings.

All Directors attended the Twenty Ninth (29^{th}) Annual General Meeting (AGM) of the Company held on 28 August 2019.

The shareholders present at the AGM were invited to ask questions about the resolutions being proposed at the AGM before putting them to vote by poll.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

Based on an analysis of the investors, the Company does not have a large number of shareholders. A large majority of investors are Malaysians. Further, all general meetings are held at a hotel, which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.

Audit Committee Report

OBJECTIVES

The principal objectives of the Audit Committee ("Committee") is to assist the Board of Directors in discharging their duties and responsibilities in the area of Corporate Governance and internal audit with particular reference to the public accountabilitity of the Company.

COMPOSITION

The present members of the Committee comprise:-

Chairman
Tan Chee Keong *(Independent Non-Executive Director) (Redesignated as Chairman w.e.f. 28 August 2019)*

Members
Lim Shiou Ghay *(Independent Non-Executive Director) (Redesignated as member w.e.f. 28 August 2019)*
Lee Chiong Meng *(Independent Non-Executive Director)*

This composition meets the requirements of Paragraph 15.09(1)(a) and (b) of the Bursa Securities Main Market Listing Requirements (Main LR). Mr. Tan Chee Keong is a member of Association of Chartered Certified Accountants (ACCA United Kingdom). Accordingly, the Company complies with paragraph 15.09(1)(c)(i)(bb) of the Main LR.

ATTENDANCE OF MEETINGS

The detail of attendance of each member at the Audit Committee meetings held during the financial year ended (FYE) 31 March 2020 are as follows:

	Number of meetings	
Name of director	**Held**	**Attended**
Tan Chee Keong *(Appointed w.e.f. 21 May 2019)*	4	4
Lim Shiou Ghay	5	5
Lee Chiong Meng	5	5
Andrew Su Meng Kit *(Resigned w.e.f 10 July 2019)*	1	1

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of work carried out by the Committee during the FYE 2020 in the discharge of its duties and responsibilities are as follows:-

1. Financial Reporting

   In overseeing the Company's financial reporting, the Committee reviewed the interim financial reports for the fourth quarter of 2019 at its meeting on 21 May 2019.

   The interim financial reports for the first, second and third quarters of 2020, which were prepared in accordance with requirements of FRS 134: "Interim Financial Reporting" and paragraph 9.22 of the Main LR, were reviewed at the Committee meetings on 28 August 2019, 6 November 2019 and 20 February 2020 respectively. On 25 June 2020, the Committee reviewed the interim financial reports for the fourth quarter of 2020. The Committee's recommendations were presented for approval at the subsequent Board meeting.

2. External Audit

   The Committee has on 20 February 2020 and 25 June 2020 respectively met with the External Auditors without the presence of the Executive Members.

   On 20 February 2020, the External Auditors tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for FYE 2020, more particularly outlined the audit timeline, key areas of audit focus, communication of the significant matters and audit engagement team to the Committee. The Committee took note on the key changes in the financial reporting standards and updates which are applicable to the Group.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (cont'd)

2. External Audit (cont'd)

During the meeting on 25 June 2020, the Audit Committee reviewed the status of the audit for the FYE 2020 with the external auditors. The external auditors briefed the Audit Committee on issues discussed with management and informed the Audit Committee:-

- that they had substantially completed their audit and had not identified any potential uncorrected material misstatements during the audit
- the external auditors have not identified any non-compliance of laws and regulations and fraud related matter
- there were no significant changes to the scope or audit approach as compared to the audit plan
- review of accounting matters and points on internal control
- there were no material litigations or claims against the Group during the financial year under review other than those disclosed in the notes to the financial statements

The Audit Committee reviewed the extent of assistance rendered by management in the course of the audit and based on feedback from the external auditors, it was satisfied that management had co-operated fully and the external auditors were able to obtain information requested to carry out their work. Based on the review carried out and the report from the external auditors, the Audit Committee recommended the audited financial statements for the FYE 2020 to the Board for approval.

Accordingly, the Audit Committee recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting.

3. Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm, BDO Governance Advisory Sdn Bhd (BDO) to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. BDO reports directly to the Committee on its activities based on the approved annual Internal Audit Plan. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The annual cost for the Group's internal audit function is RM12,500.

The Internal Auditors presented its findings together with recommendation and management action plan to the Committee for review on 6 November 2019 and 25 June 2020 respectively.

During the FYE 2020, the Internal Auditors have conducted review on internal control of two of its subsidiaries focusing on the following areas:-

Company	Audit Areas	Reporting Date
Supportive Technology Sdn Bhd	Procure to Pay	18 February 2020
Welcome Properties Sdn Bhd	Sales to Receipt	24 June 2020

Information pertaining to the Company's internal controls is shown in the Statement on Internal Control and Risk Management set out on pages 37 to 38 of this Annual Report.

At the Meeting held on 25 June 2020, the Committee approved the Group Internal Audit Plan 2020 as tabled by the Internal Auditors.

The Audit Committee is pleased to report that neither internal auditors nor external auditors have reported any significant weaknesses in internal control which resulted in material loss or potential material loss to the Group.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of Acme Holdings Berhad ("Board") is pleased to provide the following Statement of Risk Management and Internal Control (Statement), which is made pursuant to the Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017 with regards to the nature and scope of risk management and internal control of the Group during the financial year.

RESPONSIBILITY FOR RISK MANAGEMENT

The Board recognises its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, the systems of internal control are designed to manage risk within tolerable levels rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error or losses.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the guidelines promulgated by the "Statement on Risk Management and Internal Control – A Guidance for Directors of Public Listed Companies" ("Internal Control Guidance").

The Board has received assurance from the Executive Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

RISK MANAGEMENT FRAMEWORK

The Board practice proactive risks identification in the processes and activities of the Group, particularly in major proposed transactions, changes in nature of activities and/or operating environment which may entail different risks, and assess the appropriate risk response strategies and controls. Daily risk management of operations are delegated to assigned key management staff and head of departments.

Periodic meetings attended by key management staff and head of departments and are held to discuss key operational issues, business performance matters and appropriate mitigating controls, when necessary.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has outsourced its internal audit function to an independent professional consulting firm, BDO Governance Advisory Sdn Bhd as part of its efforts to provide adequate and effective internal control systems. The performance of internal audit function is carried out in accordance with the annual audit plan approved by the Audit Committee.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place. The audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the Audit Committee on areas for improvement. The highlighted areas will be followed up closely to determine the extent of their recommendations that have been implemented by the management.

Based on the internal auditors' reports for the financial year ended 31 March 2020, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working in a satisfactory manner. A number of minor weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides a documented and auditable trail of accountability;
- A set of documented internal policies and procedures which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to business units by members of the Board; and
- Monitoring of the daily operations by the senior management.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The Board is of the view that there were no significant weaknesses in the current system of internal control of the Group that may have material impact on the operations of the Group for the financial year ended 31 March 2020. The Board and the management will continue to take necessary measures and ongoing commitment to strengthen and improve its risk management and internal control environment.

This statement is issued in accordance with a resolution of the Directors dated 25 August 2020.

Directors' Responsibility Statement

The Directors acknowledge their responsibility in ensuring that the financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the year then ended. The Directors have also ensured that the requirements of the Companies Act and those applicable approved accounting standards in Malaysia have been compiled with. In preparing the financial statements, the Directors have:-

- applied consistently the appropriate accounting policies adopted;
- made reasonable and prudent judgments and estimates; and
- maintained proper accounting records to enable the preparation of the financial statements with reasonable accuracy.

In addition, the Directors are also responsible for keeping proper accounting records, which are disclosed with reasonable accuracy at any time the financial position of the Group and of the Company and taking reasonable steps to safeguard the assets of Group and of the Company and to prevent and detect frauds and other irregularities.

The Directors approved the financial statements for the year ended 31 March 2020 on 25 August 2020.

This statement was made in accordance with a Resolution of the Directors dated 25 August 2020.

Disclosure Requirements Pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements

Status of Utilisation of Proceeds

On 26 December 2019, the Company completed the listing of 10,000,000 new ordinary shares at an issue price of RM0.29 per share pursuant to a private placement. The proceeds generated from the private placement amounted to RM2,900,000 were received in fully by way of cash.

Below are the status of utilisation of proceeds as at 25 August 2020:-

Purpose	Proposed Utilisation RM	Actual Utilisation RM	Balance to be Utilised RM	Proposed Timeframe of Utilisation
Acquisition of Medan Tropika Sdn Bhd	2,686,648	-	2,686,648	Within 3 months from the listing date of placement shares #
Expenses related to the corporate exercise	213,352	213,352	-	Within 1 month from the listing date of placement shares
Total	2,900,000	213,352	2,686,648	

Note:

Funds have not been utilised within the proposed time frame of utilisation.

Employee Share Scheme

There was no Employee Share Scheme implemented by the Company during the financial year ended 31 March 2020.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 March 2020 by the Company's Auditors, or a firm or company affiliated to the Auditors' firm are as follow:-

Category	Audit Fees (RM)	Non-Audit Fees (RM)^
Company	30,000	5,000
Subsidiaries	71,000	2,000
Total	101,000	7,000

^ Non-audit fees consist of the following services:
- review of the statement on Risk Management and Internal Control.
- review of the Housing Development Accounts.

Material contracts or loans

There were no material contracts entered into by the Company and its subsidiary companies involving the interests of the directors or major shareholders either still subsisting as at 31 March 2020 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

There was no recurrent related party transaction of a revenue or trading nature entered into by the Group during the financial year ended 31 March 2020.

Directors' Report
for the financial year ended 31 March 2020

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 March 2020**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and property letting.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit for the financial year	**(572,973)**	**182,994**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company issued 10,000,000 new ordinary shares at an issue price of RM0.29 per ordinary share pursuant to a private placement. The proceeds will be used for the proposed acquisition of Medan Tropika Sdn. Bhd. as disclosed in Note 36 to the financial statements. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase or distribute any of its treasury shares.

As at 31 March 2020, the Company held 8,784,500 treasury shares out of the total 248,758,000 issued ordinary shares. Further relevant details are disclosed in Note 17 to the financial statements.

WARRANTS

During the financial year, the Company issued a total of 57,493,372 free warrants to the shareholders pursuant to the bonus issue of one (1) free warrant for every four (4) existing ordinary shares in the Company. The warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 29 November 2019. There were no warrants exercised as at the end of the reporting period.

The salient terms of the warrants are disclosed in Note 35 to the financial statements.

The details of the warrant issued to the directors are disclosed in the section on directors' interests in this report.

DIRECTORS

The directors of the Company in office since the beginning of the financial year to date of this report are:

Directors of the Company:

Ooi Soon Hong
Lee Chiong Meng
Lim Shiou Ghay
Tan Chee Keong
Andrew Su Meng Kit *(resigned on 10.7.19)*
Dato' Sri Dr. Lee Kuang Shing *(resigned on 20.1.20)*

Directors of the subsidiaries:

Dato' Sri Dr. Lee Kuang Shing
Lee Thean Yew *(appointed on 20.1.20)*
Datin Sri Tan Siew Hong *(resigned on 3.1.20)*

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.4.19	**Bought**	**Sold**	**Balance at 31.3.20**
The Company				
Direct Interest:				
Lim Shiou Ghay	5,098,000	-	-	5,098,000
Tan Chee Keong	-	3,000,000	-	3,000,000
Lee Chiong Meng	-	1,000,000	-	1,000,000
Deemed Interest:				
[1] Ooi Soon Hong	72,901,181	-	-	72,901,181
[2] Lim Shiou Ghay	6,136,000	-	-	6,136,000
The Company				
Lim Shiou Ghay	-	1,274,500	-	1,274,500
Deemed Interest:				
[1] Ooi Soon Hong	-	18,225,295	-	18,225,295
[2] Lim Shiou Ghay	-	1,534,000	-	1,534,000

Note:
[1] Indirect interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Nada Wangi Sdn. Bhd.
[2] Indirect interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholdings in Epic Paradigm Sdn. Bhd.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Salaries, bonus and others	**2,400**	**951,818**	**954,218**
Defined contribution plan	**-**	**124,335**	**124,335**
Fees	**163,715**	**-**	**163,715**
	166,115	**1,076,153**	**1,242,268**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

No indemnity has been given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS

The details of the significant events are disclosed in Note 36 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 March 2020 are RM101,000 and RM30,000 respectively.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

....
Ooi Soon Hong

....
Lim Shiou Ghay

Penang,

Date: 25 August 2020

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 51 to 113 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 March 2020** and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors:

....

Ooi Soon Hong **Lim Shiou Ghay**

Date: 25 August 2020

Statutory Declaration

I, **Lee Thean Yew**, the officer primarily responsible for the financial management of **Acme Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 51 to 113 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **25th**)
day of **August 2020**.)

....

Lee Thean Yew
(I/C No. 640124-07-5481)
(MIA No. 6990)

Before me,

....

Liew Juan Leng
No.: P162
Commissioner for Oaths

Independent Auditors' Report to the Members of Acme Holdings Berhad

Company No. 198901012432 (189740-X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Acme Holdings Berhad**, which comprise the statements of financial position as at **31 March 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 51 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 March 2020** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilites

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants *("By-Laws")* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of inventories *(Notes 7 and 10 to the financial statements)* The Group holds significant number of completed properties which remained unsold as well as significant inventories from its plasticware products manufacturing activity as at 31 March 2020 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value. The Group measures inventories at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value requires judgement. The risk that the inventories are not stated at the lower of cost and net realisable value is considered a significant risk identified in our risk assessment process as it involves estimation uncertainty by the directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost and net realisable value.	Our audit procedures in relation to the valuation of inventories included: • Reviewing the net realisable value of the unsold properties by: - Comparing the cost of these unsold properties to the valuation report issued by professional valuer; and - Comparing recorded selling prices of similar units sold by the Group during/subsequent to the financial year end by tracing to latest signed sale and purchase agreements. • Reviewing the net realisable value of the inventories under the plasticware products manufacturing activity by: - Obtaining an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventory write-downs; and - how the Group makes the accounting estimates for inventory write-downs. - Examining the perpetual records for inventory movements and to identify slow moving aged items. - Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories. - Reviewing the net realisable value of inventories on a sampling basis. - Evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures.
Impairment of trade receivables *(Note 11 to the financial statements)* The Group has significant trade receivables as at the reporting date and it is subject to credit risk exposure. We focus on this area as deriving the expected credit losses of receivables involves management's judgement and estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information. The outbreak of the coronavirus ("COVID-19") pandemic which negatively impacted the global economic outlook had also increased the probability of default faced by the Group's customers. The uncertainty arising from COVID-19 further increases the degree of judgement used by the management.	Our audit procedures in relation to the impairment of trade receivables included: • Obtaining an understanding of: - the Group's control over the customers collection process; - the process of identifying and assessing impairment of trade receivables; and - the basis of how the Group makes the accounting estimates for impairment of trade receivables in view of COVID-19's impact. • Reviewing the application of the Group's policy for calculating the expected credit losses against the requirements of MFRS 9. • Reviewing the aging of trade receivables and testing the reliability thereof. • Reviewing subsequent collections for major customers and overdue amounts. • Assessing the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *(Note 24 to the financial statements)* The Group's revenue mainly arises from the manufacturing of plasticware products, sales of completed development units and property development revenue. We focus on revenue recognition as a key audit matter due to the voluminous transactions and wide product range sold by the Group which may give rise to higher risk of material misstatements in respect of the timing and amount of revenue recognised. The Group's policy of providing certain manufacturing customers with discounts and volume rebates gives rise to variable considerations which are required to be estimated in determining the transaction price in the contract with the said customers. The Group's revenue from property development activity were recognised based on the percentage of completion ("POC") which was measured using the stage of completion by reference of survey of work performed. Such measurement involves management estimates in determining the stage of completion, extent of property development costs incurred to date and estimated total property development costs.	Our audit procedures in relation to the recognition of manufacturing revenue included: • Obtaining an understanding of the Group's revenue recognition process and application and thereafter testing controls on the occurrence of revenue. • Performing analytical procedures on the trend of revenue recognised to identify for any abnormalities. • Performing substantive testing on a sampling basis to verify that revenue recognition criteria are properly applied by checking to the documents which evidenced the delivery of goods to the customers. • Inspecting the terms of significant sales transactions in order to determine the point when the customer obtains control of the goods and to assess whether revenue is recognised in accordance with the terms. • Assessing whether revenue is recognised in the correct period by testing cut-off through assessing sales transaction taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date. • Assessing whether the customers of the Group are eligible to enjoy the sales discount and volume rebate given. • Testing the accuracy and completeness of the information used by the Group to compute the variable considerations such as sales return, sales discount and volume rebates in determining the transaction price. Our audit procedures in relation to the recognition of property development revenue and sales of completed development units included: • Checking the reasonableness of the estimated total property development costs by agreeing to approved budgets, letter of awards, contracts and variation orders, if any, with contractors. • Examining the actual costs incurred to date to the supporting evidences such as contractors' progress claims and architect certificates. • Corroborating the certified POC with the level of completion based on actual costs incurred to date over the estimated total property development costs. • Reviewing the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions. • Performing test of details on revenue from property development and sales of completed development units to signed sale and purchase agreements.

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Financial Statements

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 8 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF: 0042
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2021 J
Chartered Accountant

Penang

Date: 25 August 2020

Statements of Financial Position
as at 31 March 2020

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**21,030,245**	21,434,861	**-**	-
Right-of-use asset	**5**	**264,008**	-	**-**	-
Investment properties	**6**	**8,338,438**	8,650,630	**6,817,789**	7,095,307
Inventory properties	**7**	**18,349,724**	14,784,558	**-**	-
Investment in subsidiaries	**8**	**-**	-	**34,225,168**	33,916,351
Deferred tax assets	**9**	**-**	88,539	**-**	-
		47,982,415	44,958,588	**41,042,957**	41,011,658
Current assets					
Inventory properties	**7**	**16,063,552**	19,746,902	**-**	-
Inventories	**10**	**2,992,750**	2,362,833	**-**	-
Trade receivables	**11**	**9,440,041**	10,943,066	**-**	-
Other receivables, deposits and prepayments	**12**	**7,878,403**	1,957,279	**2,364,940**	14,105
Amount due from subsidiaries	**13**	**-**	-	**6,704,561**	14,656,531
Contract assets	**14**	**231,625**	-	**-**	-
Tax recoverable		**792,104**	10,036,264	**48,409**	-
Cash and bank balances	**15**	**9,679,666**	6,768,646	**4,843,250**	738,421
		47,078,141	51,814,990	**13,961,160**	15,409,057
TOTAL ASSETS		**95,060,556**	96,773,578	**55,004,117**	56,420,715
EQUITY AND LIABILITIES					
Equity attributable to owners of the company					
Share capital	**16**	**228,861,014**	226,050,958	**228,861,014**	226,050,958
Treasury shares	**17**	**(13,873,523)**	(13,873,523)	**(13,873,523)**	(13,873,523)
Reverse acquisition reserve		**(193,196,309)**	(193,196,309)	**-**	-
Foreign currency translation reserve	**18**	**(35,528)**	(36,047)	**-**	-
Retained profits/(Accumulated losses)		**59,754,348**	60,327,321	**(162,341,929)**	(162,524,923)
Total equity		**81,510,002**	79,272,400	**52,645,562**	49,652,512
Non-current liabilities					
Borrowings	**19**	**555,334**	234,093	**-**	-
Lease liability	**5**	**224,395**	-	**-**	-
Trade payables	**20**	**217,949**	166,715	**-**	-
Deferred tax liabilities	**9**	**1,827,060**	2,235,620	**309,414**	321,830
		2,824,738	2,636,428	**309,414**	321,830
Current liabilities					
Trade payables	**20**	**2,394,317**	3,336,662	**-**	-
Other payables and accruals	**21**	**7,609,764**	10,573,089	**2,049,141**	6,369,629
Amount due to directors	**22**	**-**	76,744	**-**	76,744
Borrowings	**19**	**445,835**	376,250	**-**	-
Lease liability	**5**	**48,891**	-	**-**	-
Tax payable		**-**	94,937	**-**	-
Refund liabilities	**23**	**227,009**	407,068	**-**	-
		10,725,816	14,864,750	**2,049,141**	6,446,373
Total liabilities		**13,550,554**	17,501,178	**2,358,555**	6,768,203
TOTAL EQUITY AND LIABILITIES		**95,060,556**	96,773,578	**55,004,117**	56,420,715

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 31 March 2020

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Revenue	24	**24,837,056**	26,674,089	**1,100,400**	1,018,700
Cost of sales		**(20,685,769)**	(20,149,581)	**-**	-
Gross profit		**4,151,287**	6,524,508	**1,100,400**	1,018,700
Other income		**821,950**	1,002,199	**346,298**	6,676,767
Administrative expenses		**(5,096,317)**	(4,958,506)	**(1,267,120)**	(1,026,405)
Selling and distribution expenses		**(914,291)**	(1,228,156)	**-**	-
Operating (loss)/profit		**(1,037,371)**	1,340,045	**179,578**	6,669,062
Finance costs		**(41,748)**	(47,765)	**-**	-
(Loss)/Profit before tax	25	**(1,079,119)**	1,292,280	**179,578**	6,669,062
Taxation	27	**506,146**	8,323,253	**3,416**	(156,830)
(Loss)/Profit for the financial year		**(572,973)**	9,615,533	**182,994**	6,512,232
Total other comprehensive income/(loss), net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**519**	(33,118)	**-**	-
Total comprehensive (loss)/ income for the financial year		**(572,454)**	9,582,415	**182,994**	6,512,232
(Loss)/Profit attributable to:					
Owners of the Company		**(572,973)**	9,616,724	**182,994**	6,512,232
Non-controlling interests		**-**	(1,191)	**-**	-
		(572,973)	9,615,533	**182,994**	6,512,232
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		**(572,454)**	9,583,606	**182,994**	6,512,232
Non-controlling interests		**-**	(1,191)	**-**	-
		(572,454)	9,582,415	**182,994**	6,512,232
(Loss)/Earnings per share attributable to owners of the Company (sen)	28				
- Basic		**(0.25)**	4.18		
- Diliuted		**(0.24)**	4.18		

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 31 March 2020

		|---------- Attributable to owners of the parent		|---------- Non-distributable	----------|	----------|			
	NOTE	Share Capital RM	Treasury Shares RM	Reverse Acquisition Reserve RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
2020									
Balance at beginning		**226,050,958**	**(13,873,523)**	**(193,196,309)**	**(36,047)**	**60,327,321**	**79,272,400**	**-**	**79,272,400**
Total comprehensive loss for the financial year		**-**	**-**	**-**	**519**	**(572,973)**	**(572,454)**	**-**	**(572,454)**
Transactions with owners:									
Issuance of shares	**16**	**2,810,056**	**-**	**-**	**-**	**-**	**2,810,056**	**-**	**2,810,056**
Balance at end		**228,861,014**	**(13,873,523)**	**(193,196,309)**	**(35,528)**	**59,754,348**	**81,510,002**	**-**	**81,510,002**
2019									
Balance at beginning		226,050,958	(13,873,523)	(193,196,309)	(2,929)	50,710,597	69,688,794	(441,122)	69,247,672
Total comprehensive income for the financial year		-	-	-	(33,118)	9,616,724	9,583,606	(1,191)	9,582,415
Disposal of a subsidiary		-	-	-	-	-	-	442,313	442,313
Balance at end		226,050,958	(13,873,523)	(193,196,309)	(36,047)	60,327,321	79,272,400	-	79,272,400

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 31 March 2020

	NOTE	Share Capital RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
2020					
Balance at beginning		**226,050,958**	**(13,873,523)**	**(162,524,923)**	**49,652,512**
Total comprehensive income for the financial year		**-**	**-**	**182,994**	**182,994**
Transactions with owners:					
Issuance of shares	**16**	**2,810,056**	**-**	**-**	**2,810,056**
Balance at end		**228,861,014**	**(13,873,523)**	**(162,341,929)**	**52,645,562**
2019					
Balance at beginning		226,050,958	(13,873,523)	(169,037,155)	43,140,280
Total comprehensive income for the financial year		-	-	6,512,232	6,512,232
Balance at end		226,050,958	(13,873,523)	(162,524,923)	49,652,512

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 March 2020

		GROUP		COMPANY	
		2020	2019	**2020**	2019
		RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		**(1,079,119)**	1,292,280	**179,578**	6,669,062
Adjustments for:					
Accretion of interest		**13,697**	-	**-**	-
Allowance for expected credit losses		**282,325**	375,467	**-**	
Depreciation of investment properties		**312,192**	312,195	**277,518**	277,522
Depreciation of property, plant and equipment		**1,954,423**	1,376,625	**-**	-
Depreciation of right-of-use asset		**55,581**	-	**-**	-
Gain on disposal of a subsidiary		**-**	(663,471)	**-**	(1)
Interest expense		**28,051**	47,765	**-**	-
Interest income		**(290,143)**	(35,290)	**(37,481)**	-
Inventories written down					
- (reversal)/addition		**(93,787)**	561,416	**-**	-
Loss on disposal of property, plant and equipment		**-**	6,899	**-**	-
Property, plant and equipment written off		**-**	37,877	**-**	-
Reversal of impairment loss on investment in a subsidiary		**-**	-	**(308,817)**	(6,667,119)
Unwinding discount on retention sum payable		**(33,331)**	-	**-**	-
Operating profit before working capital changes		**1,149,889**	3,311,763	**110,798**	279,464
Changes in:					
Inventory properties		**118,184**	934,783	**-**	-
Inventories		**(536,130)**	(780,447)	**-**	-
Receivables		**(4,700,424)**	9,344,635	**(2,350,835)**	6,081,000
Contract assets		**(231,625)**	-	**-**	-
Payables		**(3,820,586)**	(996,203)	**(4,320,488)**	5,718,750
Refund liabilities		**(180,059)**	82,425	**-**	-
Cash (used in)/generated from operations		**(8,200,751)**	11,896,956	**(6,560,525)**	12,079,214
Income tax paid		**(1,030,194)**	(2,089,339)	**(57,409)**	-
Income tax refunded		**10,365,542**	91,824	**-**	-
Interest paid		**(28,051)**	(47,765)	**-**	-
Net cash from/(used in) operating activities		**1,106,546**	9,851,676	**(6,617,934)**	12,079,214
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash outflow from disposal of a subsidiary		**-**	(9)	**-**	-
Proceeds from disposal of a subsidiary		**-**	-	**-**	1
Interest received		**290,143**	29,993	**37,481**	-
Changes in bank balances held in trust		**12,875**	153,434	**-**	-
Placement of fixed deposits		**194,204**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	73,000	**-**	-
Purchase of property, plant and equipment	A	**(732,004)**	(8,799,422)	**-**	-
Net cash (used in)/from investing activities		**(234,782)**	(8,543,004)	**37,481**	1
CASH FLOWS FROM FINANCING ACTIVITIES					
Net change in subsidiaries' balances		**-**	-	**7,951,970**	(11,770,064)
Repayment of finance lease liabilities	B	**(426,977)**	(347,327)	**-**	-
Payment of lease liability	B	**(60,000)**	-	**-**	-
Net proceeds from private placement		**2,810,056**	-	**2,810,056**	-
Repayment to directors	B	**(76,744)**	(86,145)	**(76,744)**	(86,145)
Net cash from/(used in) financing activities		**2,246,335**	(433,472)	**10,685,282**	(11,856,209)
NET INCREASE IN CASH AND BANK BALANCES		**3,118,099**	875,200	**4,104,829**	223,006
CASH AND BANK BALANCES AT BEGINNING		**6,561,567**	5,686,367	**738,421**	515,415
CASH AND BANK BALANCES AT END		**9,679,666**	6,561,567	**4,843,250**	738,421

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 31 March 2020 (cont'd)

	NOTE	GROUP 2020 RM	GROUP 2019 RM	COMPANY 2020 RM	COMPANY 2019 RM
Represented by:					
Cash and bank balances		**9,679,666**	6,768,646	**4,843,250**	738,421
Less: Fixed deposits pledged to a licensed bank		-	(194,204)	-	-
Bank balances held in trust		-	(12,875)	-	-
		9,679,666	6,561,567	**4,843,250**	738,421
A. Purchase of property, plant and equipment					
Total acquisition cost		**1,549,807**	8,879,422	-	-
Acquired under finance lease liabilities	B	**(817,803)**	(80,000)	-	-
Total cash acquisition		**732,004**	8,799,422	-	-

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Others RM	Balance at end RM
GROUP				
2020				
Borrowings	**610,343**	**390,826**	-	**1,001,169**
Lease liability	**319,589**	**(60,000)**	**13,697**	**273,286**
Amount due to directors	**76,744**	**(76,744)**	-	-
Total liabilities from financing activities	**1,006,676**	**254,082**	**13,697**	**1,274,455**
2019				
Borrowings	877,670	(267,327)	-	610,343
Amount due to directors	571,300	(86,145)	(408,411)*	76,744
Total liabilities from financing activities	1,448,970	(353,472)	(408,411)	687,087

* Others represents movement arising from the disposl of Supportive Development Sdn. Bhd., a former subsidiary of the Company.

	Balance at beginning RM	Cash flows RM	Others RM	Balance at end RM
COMPANY				
2020				
Amount due to directors, representing total liabilities from financing liabilities	**76,744**	**(76,744)**	-	-
2019				
Amount due to directors, representing total liabilities from financing liabilities	162,889	(86,145)	-	76,744

The accompanying notes form an integral part of these financial statements.

1. **CORPORATE INFORMATION**

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang.

The principal place of business of the Company is located at No. 1, 2 ,7 & 8, Jalan PKNK 3, Kawasan Perusahaan LPK Fasa 3, 08000 Sungai Petani, Kedah.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2020.

Principal Activities

The principal activities of the Company consist of investment holding and property letting.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no changes in the nature of these activities during the financial year.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

2.2 **Basis of Measurement**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the significant accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. **BASIS OF PREPARATION** (cont'd)

2.2 **Basis of Measurement** (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 **Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases
Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015-2017 Cycle
IC Interpretations 23 Uncertainty over Income Tax Treatments

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company upon adoption except for:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Company is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the Group is not required to reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4, and the cumulative effect of initially applying this standard is adjusted to the opening balance of the retained profits without the need to restate the comparative information.

2. **BASIS OF PREPARATION** (cont'd)

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs** (cont'd)

The effect of adopting MFRS 16 on 1 April 2019 resulted in the increase of the Group's assets and liabilities as at that date as follows:

Statements of Financial Position

	RM
ASSETS	
Non-current assets	
Right-of-use asset	319,589
LIABILITIES	
Non-current liabilities	
Lease liability	273,286
Current liabilities	
Lease liability	46,303
	319,589

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases where leases will be recognised as right-of-use asset and corresponding lease liability except for short-term leases and leases of low-value assets where the lease rental payments are recognised as an expense.

- *Leases previously classified as finance leases*

  Leases which were previously classified as finance leases under MFRS 117 continue to be treated as such without any changes upon adoption of MFRS 16 on 1 April 2019.

- *Leases previously accounted for as operating leases*

  The Group recognised right-of-use asset and lease liability for the lease previously classified as operating lease, except for short-term leases and leases of low-value assets. The right-of-use asset were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use asset was recognised based on the amount equal to the lease liability, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

  The Group also applied the available practical expedients wherein it:
  - Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - Relied on its assessment of whether leases are onerous immediately before the date of initial application;
  - Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
  - Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
  - Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. **BASIS OF PREPARATION** (cont'd)

2.4 **Adoption of New Standards/Amendments/Improvements to MFRSs** (cont'd)

The lease liability as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Assets	
Operating lease commitments as at 31 March 2019 (RM)	363,000
Weighted average incremental borrowing rate as at 1 April 2019	5.00%
Discounted operating lease commitments as at 1 April 2019, representing lease liability as at 1 April 2019 (RM)	319,589

2.5 **Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3 Business Combinations: Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020
Amendments to MFRS 16 Covid-19-Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021
MFRS 17 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

2. **BASIS OF PREPARATION** (cont'd)

2.6 **Significant Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 **Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) **Revenue from contracts with customers**

The Group applied the following judgement that significantly affects the determination of the amount and timing of revenue to be recognised from contracts with customers:

<u>Determining method to estimate variable consideration and assessing the constraint</u>

Certain contracts for the sales of diverse plasticware products include a right of return and discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of diverse plasticware products with rights of return and discounts, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(ii) **Determining the lease term of contract with renewal option - Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has a lease contract that includes an extension option. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

2. **BASIS OF PREPARATION** (cont'd)

2.6 **Significant Accounting Estimates and Judgements** (cont'd)

2.6.2 **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Property development activities**

As revenue from ongoing property development activities are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development or contract costs incurred for work performed to date bear to the estimated total property development or contract costs.

Significant judgement is required in determining the stage of completion, the extent of the development and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

(ii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 10 to the financial statements.

(iii) **Estimating variable consideration for returns and rebates**

The Group estimates variable consideration to be included in the transaction price for the sales of diverse plasticware products with rights of return and discounts.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each customers. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected discounts are analysed on a per customer. Determining whether a customer will likely be entitled to discounts will depend on the customer's historical discounts entitlement and outstanding receivables to date.

The Group applied a statistical model for estimating expected discounts. The model uses the historical purchasing patterns and discounts entitlement of customers to determine the expected discounts percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and discounts entitlements of customers will impact the expected discounts percentages estimated by the Group.

(iv) **Provision for expected credit losses ("ECL") of trade receivables**

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. **BASIS OF PREPARATION** (cont'd)

2.6 **Significant Accounting Estimates and Judgements** (cont'd)

2.6.2 **Key sources of estimation uncertainty** (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 32.3.1 to the financial statements.

(v) **Deferred tax assets**

Deferred tax assets are recognised for all other deductible temporary differences to the extent that it is probable that future taxable profit will be available against which those tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

In the prior year, a subsidiary of the Group had recognised deferred tax assets as at the end of the reporting period as management considered that it is probable that future taxable profits will be available against which the tax credits can be utilised. The carrying amount of deferred tax assets of the Group as at the end of the reporting period is disclosed in Note 9 to the financial statements.

(vi) **Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.1 **Basis of Consolidation** (cont'd)

(i) **Subsidiaries** (cont'd)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto power* over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured at cost less any impairment losses in the Company's financial statements, unless the investment is held for sale or distribution.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) **Basis of consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.14 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) **Business combination**

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.1 **Basis of Consolidation** (cont'd)

(iii) **Business combination** (cont'd)

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(v) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for¬-sale financial asset depending on the level of influence retained.

(vi) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2 **Property, Plant and Equipment** (cont'd)

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Leasehold land	54 years
Buildings	1.8% - 2.0%
Machinery and equipment	10%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the disposed assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

3.3 **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost. Initial cost comprises purchase price and any directly attributable expenditure for a purchased investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not amortised as it has an infinite life. Leasehold land and buildings are depreciated on the straight-line method to write off the cost to their residual values over their lease term of 60 years and estimated useful lives at 2% per annum respectively.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.4 **Leases**

As described in Note 2.4 to the financial statements, the Group and the Company have applied *MFRS 16 Leases* using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under *MFRS 117* and *IC Interpretation 4*.

Accounting policies applied from 1 April 2019:

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. A contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Leases** (cont'd)

Accounting policies applied from 1 April 2019:

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets of office lot is depreciated on a straight-line basis over its lease term of 6 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment.

(ii) **Lease liabilities**

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) **Short term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.4 **Leases** (cont'd)

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the revenue and other income in the statements of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

Accounting policies applied until 31 March 2019:

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset (or asset) or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Finance leases

Leases of which the Group assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised as expense in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.5 **Impairment of Non-Financial Assets**

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.5 **Impairment of Non-Financial Assets** (cont'd)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 **Financial assets**

(i) Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), at its transaction costs.

In order for a financial asset to be classified and measured at amortised cost ("AC") or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Financial Instruments** (cont'd)

3.6.1 **Financial assets** (cont'd)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
  - with recycling of cumulative gains and losses to profit or loss (debt instruments)
  - with no recycling of cumulative gains and losses to profit or loss upon derecognition (equity instruments)

The Group and the Company do not have any financial assets measured at FVOCI and FVTPL as at the end of the reporting period.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes cash and cash equivalents, trade and other receivables and amount due from subsidiaries.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) **Impairment**

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Financial Instruments** (cont'd)

3.6.1 **Financial assets** (cont'd)

(iv) **Impairment** (cont'd)

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group assesses impairment of trade receivables on a collective basis based on shared credit risk characteristics and presented by days past due.

3.6.2 **Financial liabilities**

(i) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include borrowings, trade and other payables.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

The Group and the Company do not have any financial liabilities at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, trade and other payables, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income. This category generally applies to trade and other payables, interest-bearing loans and borrowings.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.6 **Financial Instruments** (cont'd)

3.6.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6.4 **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Fair value arising from the issuance of financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.7 **Inventory Properties**

Inventory properties comprise land held for development, property development costs and completed development units.

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

3.7.1 **Land held for development**

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

3.7.2 **Property development costs**

Property development costs comprise the cost of land, related development costs common to the project and direct building costs less cumulative amounts recognised as expense in the profit or loss. The inventory properties cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

3.7.3 **Completed development units**

Completed development units represent completed residential properties. Cost is determined on the specific identification basis and includes costs of acquisition of land, related development costs to the project and direct building costs.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.8 **Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition and is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 **Cash and Cash Equivalents**

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.10 **Provisions**

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.11 **Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and undertakes activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.12 **Revenue**

The Group is in the business of:
(i) manufacturing and selling of diverse plasticware products; and
(ii) property development.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.12 **Revenue** (cont'd)

3.12.1 **Sale of goods**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

3.12.1.1 **Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained only to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Some contracts for the sales of diverse plasticware products provide customers with a right of return and discounts. The rights of return and discounts give rise to variable consideration.

Rights of return

Certain contracts provide the customers with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Discounts

The Group gives trade discounts to certain customers once the customers have made early settlement. To estimate the variable consideration for the expected future trade discount, the Group applied the expected value method. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future trade discounts.

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.12.2 **Property development revenue**

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.12 **Revenue** (cont'd)

3.12.2 **Property development revenue** (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and

- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

3.12.3 **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

3.12.4 **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.12.5 **Contract balances**

Contract balances comprise of the closing balances of trade receivables and contract assets from contracts with customers.

Contract assets

A contract asset is the right to consideration for goods or services transferred to the customer. In the case of property development, a contract asset is the excess of cumulative revenue earned over the billings to-date.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.12 **Revenue** (cont'd)

3.12.6 **Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer for which the Group is not entitled, and is measured at the amount to be returned to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.13 **Employee Benefits**

Short term benefits

Wages, salaries, bonuses and social security contributions (including employment insurance scheme) are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.14 **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences in respect of the initial recognition of goodwill and/or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised reinvestment allowance can be utilised.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.15 **Goods and Services Tax ("GST") and Sales and Service Tax ("SST")**

GST is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6% in Malaysia. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Finance Ministry of Malaysia has zero rated the GST effective from 1 June 2018. The government has replaced the GST with SST which came into effect on 1 September 2018.

The SST has two elements: a Service Tax that is charged and levied on taxable services provided by any taxable person in Malaysia in the course and furtherance of business, and a single stage Sales Tax levied on imported and locally manufactured goods, either at the time of importation or at the time the goods are sold or otherwise disposed of by the manufacturer.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

3.16 **Foreign Currency Translations**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation ("FTR") reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the exchange difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.16 **Foreign Currency Translations** (cont'd)

Foreign operations (cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.17 **Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.18 **Warrants**

Warrants are classified as equity instrument and its value is allocated based on the market prices on their first day of quotation in the stock exchange. The issuance of the ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.19 **Share Capital, Share Issuance Costs and Dividends**

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

3.20 **Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.21 **Treasury Shares**

When share capital recognised as equity is repurchased, the amount of the consideration paid including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.22 **Earnings Per Ordinary Share**

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per ordinary share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

3.23 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

4. **PROPERTY, PLANT AND EQUIPMENT**

GROUP

2020	Leasehold land RM	Buildings RM	Machinery and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
At cost						
Balance at beginning	**2,100,000**	**9,844,292**	**35,017,690**	**2,584,046**	**3,774,468**	**53,320,496**
Additions	**-**	**-**	**1,531,867**	**17,940**	**-**	**1,549,807**
Foreign currency translation	**-**	**-**	**-**	**(1,120)**	**-**	**(1,120)**
Balance at end	**2,100,000**	**9,844,292**	**36,549,557**	**2,600,866**	**3,774,468**	**54,869,183**
Accumulated depreciation						
Balance at beginning	**706,287**	**3,269,297**	**21,240,089**	**2,255,513**	**3,288,907**	**30,760,093**
Current charge	**38,853**	**183,094**	**1,593,783**	**12,485**	**126,208**	**1,954,423**
Foreign currency translation	**-**	**-**	**-**	**(541)**	**-**	**(541)**
Balance at end	**745,140**	**3,452,391**	**22,833,872**	**2,267,457**	**3,415,115**	**32,713,975**
Accumulated impairment loss						
Balance at beginning	**-**	**-**	**854,672**	**270,870**	**-**	**1,125,542**
Foreign currency translation	**-**	**-**	**-**	**(579)**	**-**	**(579)**
Balance at end	**-**	**-**	**854,672**	**270,291**	**-**	**1,124,963**
Carrying amount	**1,354,860**	**6,391,901**	**12,861,013**	**63,118**	**359,353**	**21,030,245**
2019						
At cost						
Balance at beginning	2,100,000	9,844,292	27,115,929	2,482,157	3,255,175	44,797,553
Additions	-	-	8,248,518	30,358	600,546	8,879,422
Disposal	-	-	(293,000)	-	(81,253)	(374,253)
Written off	-	-	(53,757)	-	-	(53,757)
Foreign currency translation	-	-	-	71,531	-	71,531
Balance at end	2,100,000	9,844,292	35,017,690	2,584,046	3,774,468	53,320,496
Accumulated depreciation						
Balance at beginning	667,437	3,086,203	20,503,420	2,213,950	3,188,125	29,659,135
Current charge	38,850	183,094	1,045,549	6,996	102,136	1,376,625
Disposal	-	-	(293,000)	-	(1,354)	(294,354)
Written off	-	-	(15,880)	-	-	(15,880)
Foreign currency translation	-	-	-	34,567	-	34,567
Balance at end	706,287	3,269,297	21,240,089	2,255,513	3,288,907	30,760,093
Accumulated impairment loss						
Balance at beginning	-	-	854,672	233,906	-	1,088,578
Foregin currency translation	-	-	-	36,964	-	36,964
Balance at end	-	-	854,672	270,870	-	1,125,542
Carrying amount	1,393,713	6,574,995	12,922,929	57,663	485,561	21,434,861

4. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(i) The leasehold land and buildings are pledged to a licensed bank as security for banking facility granted to a subsidiary.

(ii) The carrying amount of property, plant and equipment which are pledged as securities to the financial institutions is as follows:

	GROUP	
	2020	2019
	RM	RM
Machinery and equipment	**1,756,863**	1,111,082
Motor vehicle	**69,800**	89,280
	1,826,663	1,200,362

(iii) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

	Carrying amount RM	**Current depreciation RM**	**Additions RM**
2020			
Leasehold land	**1,354,860**	**38,853**	**-**
Machinery and equipment	**1,756,863**	**226,885**	**872,666**
Motor vehicle	**69,800**	**19,480**	**-**

(iv) Included in the property, plant and equipment are motor vehicles with carrying amount of **RM169,091** (2019: RM222,488) held in trust by a company in which a director of a subsidiary has substantial financial interest.

5. **RIGHT-OF-USE ASSET AND LEASE LIABILITY**

Group as a lessee

The Group has lease contract for office used in its operations that has lease terms of three years, with an option to extend the lease for another three years. Lease payments are increased every three years to reflect current market rentals. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has certain leases of premise with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

5. **RIGHT-OF-USE ASSET AND LEASE LIABILITY** (cont'd)

Right-of-use asset

Set out below are the carrying amount of right-of-use asset recognised and the movements during the financial year:

GROUP

	Office RM
2020	
Balance at beginning, upon adoption of MFRS 16	**319,589**
Depreciation	**(55,581)**
Balance at end	**264,008**

Lease liability

Set out below are the carrying amount of lease liability recognised and the movements during the financial year:

GROUP

	RM
2020	
Balance at beginning, upon adoption of MFRS 16	**319,589**
Accretion of interest	**13,697**
Payments	**(60,000)**
Balance at end	**273,286**
Represented by:	
Non-current liabilities	**224,395**
Current liabilities	**48,891**
Balance at end	**273,286**

The maturity analysis of lease liability is disclosed in Note 32.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	2020 RM
Depreciation expense of right-of-use asset	**55,581**
Interest expense on lease liability	**13,697**
Expense relating to short-term leases of premise	**36,225**
Total amount recognised in profit or loss	**105,503**

Extension option

The lease contract of office includes an extension option. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised.

5. **RIGHT-OF-USE ASSET AND LEASE LIABILITY** (cont'd)

	Within five years RM
Extension option expected to be exercised	**198,000**

Group and Company as a lessor

The Group and the Company have leased its investment properties to third parties for a period ranging from 2 to 3 years. Rental income recognised by the Group and the Company for the year are **RM1,264,800** (2019: RM1,182,100) and **RM1,100,400** (2019: RM1,018,700) respectively.

Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting period are as follows:

	2020 RM	2019 RM
Within one year	**992,400**	1,244,400
More than one year but less than five years	**980,400**	-
	1,972,800	1,244,400

6. **INVESTMENT PROPERTIES**

GROUP

	Freehold land RM	**Leasehold land RM**	**Buildings RM**	**Total RM**
2020				
At cost	**552,000**	**1,063,509**	**14,721,548**	**16,337,057**
Accumulated depreciation				
Balance at beginning	-	**516,331**	**7,170,096**	**7,686,427**
Current charge	-	**17,760**	**294,432**	**312,192**
Balance at end	-	**(534,091)**	**(7,464,528)**	**(7,998,619)**
Carrying amount	**552,000**	**529,418**	**7,257,020**	**8,338,438**
2019				
At cost	552,000	1,063,509	14,721,548	16,337,057
Accumulated depreciation				
Balance at beginning	-	498,570	6,875,662	7,374,232
Current charge	-	17,761	294,434	312,195
Balance at end	-	(516,331)	(7,170,096)	(7,686,427)
Carrying amount	552,000	547,178	7,551,452	8,650,630

6. **INVESTMENT PROPERTIES** (cont'd)

COMPANY

	Leasehold land RM	Buildings RM	Total RM
2020			
At cost	**1,063,509**	**12,987,888**	**14,051,397**
Accumulated depreciation			
Balance at beginning	**516,331**	**6,439,759**	**6,956,090**
Current charge	**17,760**	**259,758**	**277,518**
Balance at end	**(534,091)**	**(6,699,517)**	**(7,233,608)**
Carrying amount	**529,418**	**6,288,371**	**6,817,789**
2019			
At cost	1,063,509	12,987,888	14,051,397
Accumulated depreciation			
Balance at beginning	498,570	6,179,998	6,678,568
Current charge	17,761	259,761	277,522
Balance at end	(516,331)	(6,439,759)	(6,956,090)
Carrying amount	547,178	6,548,129	7,095,307

(i) The following are recognised in profit or loss in respect of investment properties:

	GROUP		COMPANY	
	2020 RM	2019 RM	**2020 RM**	2019 RM
Rental income from investment properties	**1,244,400**	1,162,700	**1,100,400**	1,018,700
Direct operating expenses arising from investment properties that generated rental during the financial year	**(402,477)**	(359,044)	**(390,970)**	(347,537)

(ii) The fair value of investment properties is disclosed in Note 33.2 to the financial statements.

7. INVENTORY PROPERTIES

	Note	GROUP 2020 RM	2019 RM
Non-current:			
Land held for development	**7.1**	**18,349,724**	14,784,558
Current:			
Property development costs	**7.2**	**6,357,127**	7,506,178
Completed development units	**7.3**	**9,706,425**	12,240,724
Balance at end		**16,063,552**	19,746,902

7.1 Land held for development

GROUP

	Freehold land RM	Development costs RM	Total RM
2020			
Balance at beginning	**13,122,751**	**1,661,807**	**14,784,558**
Additions	**-**	**3,565,166**	**3,565,166**
Balance at end	**13,122,751**	**5,226,973**	**18,349,724**
2019			
Balance at beginning	13,155,887	1,523,064	14,678,951
Additions	-	138,743	138,743
Expensed off	(33,136)	-	(33,136)
Balance at end	13,122,751	1,661,807	14,784,558

7.2 Property development costs

GROUP

	Freehold land RM	Development costs RM	Total RM
2020			
Cumulative property development costs			
Balance at beginning	**3,175,768**	**4,330,410**	**7,506,178**
Costs capitalised during the financial year	**-**	**1,889,758**	**1,889,758**
Recognised during the financial year	**(217,284)**	**(1,169,285)**	**(1,386,569)**
Transfer to completed development units	**(1,652,240)**	**-**	**(1,652,240)**
Balance at end	**1,306,244**	**5,050,883**	**6,357,127**

7. **INVENTORY PROPERTIES** (cont'd)

7.2 **Property development costs** (cont'd)

GROUP (cont'd)

	Freehold land RM	Development costs RM	Total RM
2019			
Cumulative property development costs			
Balance at beginning	3,175,768	869,440	4,045,208
Costs capitalised during the financial year	-	3,460,970	3,460,970
Property development costs at end	3,175,768	4,330,410	7,506,178

7.3 **Completed development units**

GROUP

The inventories recognised in profit or loss as cost of sales during the financial year amounted to **RM4,178,197** (2019: RM4,287,356).

8. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2020 RM	2019 RM
Unquoted shares, at cost		
Balance at beginning	**207,852,387**	207,852,393
Disposal during the year	**-**	(6)
Balance at end	**207,852,387**	207,852,387
Less: Allowance for impairment		
Balance at beginning	**(173,936,036)**	(180,603,161)
Reversal	**308,817**	6,667,119
Disposal during the year	**-**	6
	(173,627,219)	(173,936,036)
	34,225,168	33,916,351

The details of the subsidiaries, all of which were incorporated in Malaysia, except where indicated are as follows:

Name of entities	**Effective equity interest 2020 %**	2019 %	**Principal activities**
Supportive Technology Sdn. Bhd.	**100**	100	Manufacturing of plastic components.
Supportive Marketing Sdn. Bhd.	**100**	100	Wholesale of plasticware products.

8. **INVESTMENT IN SUBSIDIARIES** (cont'd)

Name of entities	**Effective equity interest**		**Principal activities**
	2020	2019	
	%	%	
Welcome Properties Sdn. Bhd.	**100**	100	Property development.
Supportive Information Technology Development (Hunan) Co. Ltd. # (Incorporated in the People's Republic of China)	**100**	100	Dormant.

Not audited by Grant Thornton and in the process of dissolution.

2020

Reversal of impairment on investment in subsidiaries

During the financial year, a reversal of impairment loss amounting to **RM308,817** in respect of the investment in Supportive Technology Sdn. Bhd. is made to the extent of the net assets held by the subsidiary.

2019

Reversal of impairment on investment in subsidiaries

During the financial year, a reversal of impairment loss amounting to RM6,667,119 in respect of the investment in Supportive Technology Sdn. Bhd. was made to the extent of the net assets held by the subsidiary.

Disposal of a subsidiary

On 30 August 2018, the Company disposed of its 60% equity interest in Supportive Development Sdn. Bhd. ("SDSB") to a third party for a cash consideration of RM1.

The effect of the disposal of SDSB on the financial position of the Group as at the date of disposal was as follows:

	RM
Cash in hand	10
Deposit	30,000
Other payables and accruals	(690,068)
Amount due to a related company	(37,314)
Amount due to director	(408,411)
Net liabilities disposed of	(1,105,783)
Less: Non-controlling interests	(442,313)
Group's share of net liabilities	(663,470)
Total disposal proceeds settled by cash	(1)
Gain on disposal to the Group (Note 25)	(663,471)
Net cash outflow arising from disposal of a subsidiary:	
Proceeds from disposal	1
Less: Cash in hand of a subsidiary disposed of	(10)
Net cash outflow from disposal	(9)

9. **DEFERRED TAX LIABILITIES/(ASSETS)**

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Balance at beginning	**2,147,081**	2,023,528	**321,830**	165,000
Recognised in profit or loss	**(234,472)**	346,656	**(25,291)**	178,932
	1,912,609	2,370,184	**296,539**	343,932
(Over)/Under provision in prior year	**(85,549)**	(223,103)	**12,875**	(22,102)
Balance at end	**1,827,060**	2,147,081	**309,414**	321,830

The recognised deferred tax liabilities/(assets), after appropriate offsetting, are as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Deferred tax liabilities	**1,827,060**	2,235,620	**309,414**	321,830
Deferred tax assets	**-**	(88,539)	**-**	-
Balance at end	**1,827,060**	2,147,081	**309,414**	321,830

The deferred tax liabilities/(assets) at the end of the reporting period are made up of the temporary differences arising from:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Property, plant and equipment	**2,161,000**	1,946,303	**-**	-
Investment properties	**411,581**	411,326	**411,581**	411,326
Property development costs	**1,305,646**	1,586,528	**-**	-
Unabsorbed capital allowances	**(1,752,000)**	(1,678,697)	**-**	(89,496)
Unused tax losses	**(102,167)**	-	**(102,167)**	-
Other deductible temporary differences	**(197,000)**	(118,379)	**-**	-
	1,827,060	2,147,081	**309,414**	321,830

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Unused tax losses	**89,757**	137,900	**-**	137,900
Unabsorbed capital allowances	**80,778**	77,990	**77,990**	77,990
Unabsorbed reinvestment allowances	**16,870**	16,870	**16,870**	16,870
Other deductible temporary differences	**24,510**	-	**-**	-
	211,915	232,760	**94,860**	232,760

9. **DEFERRED TAX LIABILITIES/(ASSETS)** (cont'd)

The gross amount and future availability of unused tax losses and unabsorbed allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Unused tax losses	**799,684**	574,584	**425,696**	574,584
Unabsorbed capital allowances	**7,635,414**	7,319,527	**324,957**	697,857
Unabsorbed reinvestment allowances	**70,291**	70,291	**70,291**	70,291

The unused tax losses and unabsorbed reinvestment allowance can be carried forward for seven consecutive years of assessment immediately following that year of assessment (unused tax losses and unabsorbed reinvestment allowance accumulated up to year of assessment 2018 can be carried forward until year of assessment 2025) and the unabsorbed capital allowances can be carried forward indefinitely pursuant to the gazetted Finance Act 2018.

The expiry of the unused tax losses and unabsorbed reinvestment allowances are as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
YA 2025	**495,987**	644,875	**495,987**	644,875
YA 2027	**373,988**	-	**-**	-
	869,975	644,875	**495,987**	644,875

10. **INVENTORIES**

	GROUP	
	2020	2019
	RM	RM
Raw materials	**844,709**	673,644
Work-in-progress	**312,841**	-
Finished goods	**1,835,200**	1,689,189
	2,992,750	2,362,833
Cost of inventories recognised in profit or loss:		
Inventories recognised as costs of sales	**15,214,790**	15,300,809
(Reversal)/Addition of inventories written down	**(93,787)**	561,416

The reversal of inventories written down was made during the year when the related inventories were sold above their carrying amounts.

11. TRADE RECEIVABLES

	GROUP	
	2020	2019
	RM	RM
Trade receivables	**8,783,506**	8,745,543
Less: Allowance for expected credit losses	**(992,640)**	(755,726)
	7,790,866	7,989,817
Retention sum receivables	**1,649,175**	2,953,249
	9,440,041	10,943,066

The trade receivables are non-interest bearing and generally on **14 to 120 days** (2019: 14 to 120 days) credit terms.

The movement of the allowance for expected credit losses is as follows:

	GROUP	
	2020	2019
	RM	RM
Balance at beginning	**(755,726)**	(384,534)
Current year	**(282,325)**	(375,467)
Recovered	**45,411**	4,275
Balance at end	**(992,640)**	(755,726)

The currency profile of trade receivables is as follows:

	GROUP	
	2020	2019
	RM	RM
Ringgit Malaysia	**9,440,030**	10,942,731
United States Dollar	**11**	335
	9,440,041	10,943,066

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
		2020	2019	**2020**	2019
	NOTE	**RM**	RM	**RM**	RM
Other receivables	**12.1**	**4,198,708**	147,732	**-**	-
Deposits					
- Refundable	**12.2**	**3,396,682**	1,061,482	**2,334,105**	14,105
- Non-refundable	**12.3**	**-**	551,524	**-**	-
Prepayments		**163,706**	76,894	**30,835**	-
GST recoverable		**119,307**	119,647	**-**	-
		7,878,403	1,957,279	**2,364,940**	14,105

12. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** (cont'd)

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Ringgit Malaysia	**7,878,403**	1,405,755	**2,364,940**	14,105
United States Dollar	**-**	551,524	**-**	-
	7,878,403	1,957,279	**2,364,940**	14,105

12.1 **Other receivables**

Included in other receivables is an amount of **RM6,493** (2019: RM6,493) due to a Company in which a director of a subsidiary has substantial financial interest.

12.2 **Refundable deposits**

Included in the refundable deposits of the Group and of the Company are:

(i) deposits paid pursuant to the Share Purchase Agreement as disclosed in Note 36 to the financial statements amounting to **RM2,320,000** (2019: RM Nil).

(ii) deposits paid for the purchase of 52 pieces of freehold vacant lots for shop houses amounting to **RM755,187** (2019: RM755,187). The purchase of vacant lots has not been completed as the vendor has yet to fulfil all condition precedent associated with the sale and purchase agreement.

12.3 **Non-refundable deposits**

Included in non-refundable deposits of the Group is the deposit paid for the purchase of moulds and equipment amounting to **RM Nil** (2019: RM551,524).

13. **AMOUNT DUE FROM SUBSIDIARIES**

COMPANY

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation.

14. **CONTRACT ASSETS**

Contract assets represent accrued billings in respect of property development costs.

	GROUP	
	2020	2019
	RM	RM
Revenue recognised during the year	**1,283,725**	-
Progress billings during the year	**(1,052,100)**	-
Balance at end	**231,625**	-

15. **CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Fixed deposits with licensed banks	**5,421,920**	194,204	**4,722,567**	-
Cash and bank balances	**2,767,932**	4,955,448	**120,683**	738,421
Housing Development Account	**1,489,814**	1,618,994	**-**	-
	9,679,666	6,768,646	**4,843,250**	738,421

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Ringgit Malaysia	**9,677,425**	6,766,257	**4,843,250**	738,421
United States Dollar	**2,241**	2,389	**-**	-
	9,679,666	6,768,646	**4,843,250**	738,421

GROUP

The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Group as at the end of the reporting period ranged from **2.05% to 2.90%** (2019: 2.55% to 2.80%) per annum and from **1 month to 12 months** (2019: 1 month to 12 months) respectively.

The Housing Development Account ("HDA") is maintained in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 in Malaysia, as amended by the Housing Developers (HDA) (Amendment) Regulation, 2002 in Malaysia, which can only be used for property development activities.

Included in the Group's cash and bank balances is bank balance of **RM Nil** (2019: RM12,875) which is held in trust for a Joint Management Body of a strata development project by a subsidiary.

COMPANY

The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Company as at the end of the reporting period were **2.90%** (2019: Nil) per annum and **1 month** (2019: Nil) respectively.

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Issued and fully paid:				
Balance at beginning	**238,758,000**	238,758,000	**226,050,958**	226,050,958
Issuance pursuant to private placement	**10,000,000**	-	**2,810,056**	-
	248,758,000	238,758,000	**228,861,014**	226,050,958

During the financial year, the Company issued 10,000,000 new ordinary shares at an issue price of RM0.29 per ordinary share pursuant to a private placement. The proceeds will be used for the proposed acquisition of Medan Tropika Sdn. Bhd. as disclosed in Note 36 to the financial statements. The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

17. TREASURY SHARES

The Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 July 2010.

The amount stated in the statements of financial position represents the acquisition cost of treasury shares.

Out of the total **248,758,000** (2019: 238,758,000) issued and fully paid ordinary shares as at the end of the reporting period, **8,784,500** (2019: 8,784,500) are held as treasury shares by the Company. As at the end of the reporting period, the number of outstanding ordinary shares in issue and fully paid is therefore **239,973,500** (2019: 229,973,500) ordinary shares.

Treasury shares have no rights to voting, dividends and participation in other distribution.

18. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiary.

19. BORROWINGS

	GROUP	
	2020	2019
	RM	RM
Non-current liabilities		
<u>Finance lease liabilities</u>		
Minimum payments:		
Within one year	**492,978**	404,068
More than one year and less than two years	**315,108**	195,822
More than two years and less than five years	**276,014**	47,832
	1,084,100	647,722
Future finance charges	**(82,931)**	(37,379)
	1,001,169	610,343
Amount due within one year included under current liabilities	**(445,835)**	(376,250)
	555,334	234,093

19. **BORROWINGS** (cont'd)

	GROUP	
	2020	2019
	RM	RM
Non-current liabilities		
Finance lease liabilities	**445,835**	376,250
Total borrowings	**1,001,169**	610,343

The finance lease liabilities are secured over the leased assets as disclosed in Note 4 to the financial statements.

A summary of the effective interest rates and the maturities of the borrowings is as follows:

	Average effective interest rate per annum %	**Total RM**	**Within one year RM**	**More than one year and less than two years RM**	**More than two years and less than five years RM**
GROUP					
2020					
Finance lease liabilities	**2.43 to 3.09**	**1,001,169**	**445,835**	**288,949**	**266,385**
2019					
Finance lease liabilities	2.43 to 3.09	610,343	376,250	189,065	45,028

20. **TRADE PAYABLES**

	GROUP	
	2020	2019
	RM	RM
Non-current liabilities		
Retention sum payables	**217,949**	166,715
Current liabilities		
Trade payables	**2,094,698**	2,664,996
Retention sum payables	**299,619**	671,666
	2,394,317	3,336,662
Total trade payables	**2,612,266**	3,503,377

The currency profile of trade payables is as follows:

	GROUP	
	2020	2019
	RM	RM
Ringgit Malaysia	**2,612,266**	3,503,075
United States Dollar	-	302
	2,612,266	3,503,377

Trade payables are unsecured, non-interest bearing and are normally settled on **30 to 120 days** (2019: 30 to 120 days) credit terms.

21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Related party	**1,550,000**	5,815,000	**1,475,000**	5,800,000
Other payables	**2,953,969**	3,569,537	**471,402**	437,399
Accruals	**3,105,795**	1,188,552	**102,739**	132,230
	7,609,764	10,573,089	**2,049,141**	6,369,629

GROUP AND COMPANY

Related party is due to a corporate shareholder of the Company.

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Ringgit Malaysia	**7,141,778**	10,330,417	**2,049,141**	6,369,629
Renminbi	**225,833**	242,672	**-**	-
United States Dollar	**242,153**	-	**-**	-
	7,609,764	10,573,089	**2,049,141**	6,369,629

22. AMOUNT DUE TO DIRECTORS

The amount due to directors was unsecured, non-interest bearing and repayable on demand.

23. REFUND LIABILITIES

	GROUP	
	2020	2019
	RM	RM
Arising from volume rebates	**17,399**	49,284
Arising from rights of return	**9,539**	139,797
Arising from trade discounts	**200,071**	217,987
	227,009	407,068

Refund liabilities arising from volume rebates represent volume rebates provided to certain customers which are entitled to a rebate once the quantity of products purchased during the period exceeds the threshold specified in the sales contract. The rebates will be offset against balance owing by the customer. The volume rebates provided are expected to materialise within the next financial year.

Refund liabilities arising from rights of return represent the sales return from the customers.

Refund liabilities arising from trade discounts represent early payment discounts to the customers who have settled the payments within certain period of time specified in the contract.

24. REVENUE

24.1 Disaggregated revenue information

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Types of goods or service				
Sale of goods	**17,958,821**	18,245,657	**-**	-
Sales of completed development units	**4,494,110**	7,409,732	**-**	-
Property development revenue	**1,283,725**	-	**-**	-
Rental income	**1,100,400**	1,018,700	**1,100,400**	1,018,700
Total revenue from contracts with customers	**24,837,056**	26,674,089	**1,100,400**	1,018,700
Geographical markets				
Malaysia	**23,750,792**	25,385,745	**1,100,400**	1,018,700
Brunei	**473,670**	710,058	**-**	-
Singapore	**508,206**	504,986	**-**	-
Other countries	**104,388**	73,300	**-**	-
Total revenue from contracts with customers	**24,837,056**	26,674,089	**1,100,400**	1,018,700
Timing of revenue recognition				
At a point in time	**23,553,331**	26,674,089	**1,100,400**	1,018,700
Over time	**1,283,725**	-	**-**	-
Total revenue from contracts with customers	**24,837,056**	26,674,089	**1,100,400**	1,018,700

24.2 Contract balances

	GROUP	
	2020	2019
	RM	RM
Trade receivables (Note 11)	**9,440,041**	10,943,066
Contract assets (Note 14)	**231,625**	-

24.3 Performance obligations

Performance obligations of respective revenue is disclosed in Note 3.12 to the financial statements.

Unsatisfied performance obligations

The unsatisfied performance obligation at the end of the reporting period are expected to be recognised within one year.

25. (LOSS)/PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
After charging:				
Allowance for expected credit losses	**282,325**	375,467	**-**	-
Auditor's remuneration				
- Statutory audit				
- Company's auditors				
- Current year	**101,000**	96,000	**30,000**	30,000
- Over provision in prior year	**-**	(17,000)	**-**	-
- Other services	**7,000**	7,500	**5,000**	7,500
Depreciation				
- Investment properties	**312,192**	312,195	**277,518**	277,522
- Property, plant and equipment	**1,954,423**	1,376,625	**-**	-
- Right-of-use asset	**55,581**	-	**-**	-
Directors' fee	**163,715**	92,633	**163,715**	85,133
Employee benefits expense (Note 26)	**4,849,732**	4,791,101	**2,400**	327,595
Inventories written down	**-**	561,416	**-**	-
Interest expense on:				
- Finance lease liabilities	**28,051**	47,765	**-**	-
- Lease liability (accretion of interest)	**13,697**	-	**-**	-
Loss on disposal of property, plant and equipment	**-**	6,899	**-**	-
Property, plant and equipment written off	**-**	37,877	**-**	-
Realised loss on foreign exchange	**43,013**	57,449	**-**	-
Rental of equipment	**-**	450	**-**	-
Rental of premises	**36,255**	35,650	**-**	-
And crediting:				
Bad debts recovered	**45,411**	4,275	**-**	-
Gain on disposal of a subsidiary	**-**	663,471	**-**	1
Interest income	**290,143**	35,290	**37,481**	-
Rental income recognised in other income	**164,400**	163,000	**-**	-
Reversal of impairment loss on investment in a subsidiary	**-**	-	**308,817**	6,667,119
Reversal of inventories written down	**93,787**	-	**-**	-
Unwinding discount on retention sum payables	**33,331**	-	**-**	-

26. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Salaries, bonus, allowances and others	**4,407,087**	4,351,481	**2,400**	292,795
EPF	**399,450**	405,054	**-**	33,120
SOCSO	**39,809**	31,317	**-**	1,680
EIS	**3,386**	3,249	**-**	-
	4,849,732	4,791,101	**2,400**	327,595

Included in the employee benefits expense of the Group and of the Company are directors' remuneration as shown below:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Executive directors of the Company:				
- Salaries, bonus and others	**750,150**	670,975	**-**	294,475
- EPF	**97,515**	115,620	**-**	33,120
	847,665	786,595	**-**	327,595
Non-executive directors of the Company:				
- Allowance	**2,400**	-	**2,400**	-
Executive director of the subsidiary:				
- Salaries, bonus and others	**201,668**	115,680	**-**	-
- EPF	**26,820**	26,400	**-**	-
	228,488	142,080	**-**	-
	1,078,553	928,675	**2,400**	327,595
Present directors:				
- Executive	**489,941**	786,595	**-**	327,595
- Non-executive	**2,400**	-	**2,400**	-
	492,341	786,595	**2,400**	327,595
Former directors:				
- Executive	**586,212**	142,080	**-**	-
	1,078,553	928,675	**2,400**	327,595

27. **TAXATION**

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	**(133,000)**	(765,937)	**(9,000)**	-
Deferred tax relating to the origination and reversal of temporary differences	**234,472**	(346,656)	**25,291**	(178,932)
	101,472	(1,112,593)	**16,291**	(178,932)
Over/(Under) provision in prior years				
- Current tax	**319,125**	9,212,743	**-**	-
- Deferred tax	**85,549**	223,103	**(12,875)**	22,102
	404,674	9,435,846	**(12,875)**	22,102
	506,146	8,323,253	**3,416**	(156,830)

The reconciliation of taxation of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
(Loss)/Profit before tax	**(1,079,119)**	1,292,280	**179,578**	6,669,062
Income tax at Malaysian statutory tax rate of 24%	**258,989**	(310,147)	**(43,099)**	(1,600,575)
Income not subject to tax	**51,012**	-	**74,116**	1,600,109
Expenses not deductible for tax purposes	**(229,374)**	(117,619)	**(152,626)**	(40,566)
Reversal of deferred tax assets on unused tax losses previously recognised	**-**	(684,827)	**-**	(137,900)
Deferred tax assets recognised on unused tax losses	**137,900**	-	**137,900**	-
Deferred tax assets not recognised	**(117,055)**	-	**-**	-
	101,472	(1,112,593)	**16,291**	(178,932)
Over/(Under) provision in prior years	**404,674**	9,435,846	**(12,875)**	22,102
	506,146	8,323,253	**3,416**	(156,830)

2019

On 19 March 2019, a subsidiary of the Company, Supportive Technology Sdn. Bhd. ("STSB") has entered into a Settlement Agreement ("SA") with the Inland Revenue Board of Malaysia ("IRB"). Through the SA, IRB allowed STSB the following:

(i) To revise STSB's tax computations for years of assessment 2003 to 2005; and

(ii) To claim the tax exemption granted via the Income Tax (Exemption) (No. 17) Order 2005 [PU(A) 158/2005] for years of assessment 2003 to 2005.

STSB had received the notifications of reduced assessment dated 9 May 2019 from IRB for the sum of RM9,167,241 of which the full amount had been received on 17 July 2019.

28. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year excluding the treasury shares as follows:

	GROUP	
	2020	2019
	RM	RM
(Loss)/Profit attributable to owners of the Company (RM)	**(572,973)**	9,616,724
Weighted average number of ordinary shares in issue	**232,768,021**	229,973,500
Basic (loss)/earnings per share (sen)	**(0.25)**	4.18

Diluted

The calculation of diluted (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year excluding the treasury shares and after adjusting for the dilutive effects of all potential ordinary shares as follows:

	GROUP	
	2020	2019
(Loss)/Profit attributable to owners of the Company (RM)	**(572,973)**	9,616,724
Weighted average number of shares as above	**232,768,021**	229,973,500
Adjustment for conversion of warrants	**4,117,563**	-
	236,885,584	229,973,500
Diluted (loss)/earnings per share (sen)	**(0.24)**	4.18

29. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segment.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets, revenue and expenses.

Business Segments

The Group comprises the following main business segments:

(i) Manufacturing		Manufacture of diverse plasticware products.
(ii) Property development		Housing and property development activities.
(iii) Others		Investment holding.

29. **SEGMENTAL INFORMATION** (cont'd)

By business segments

	Manufacture of diverse plasticware products RM	Property development RM	Others RM	Elimination RM	Note	Total RM
2020						
Revenue						
External customers	17,958,821	5,777,835	1,100,400	-		24,837,056
Inter-segment revenue	9,535,746	-	-	(9,535,746)	A	-
Total revenue	27,494,567	5,777,835	1,100,400	(9,535,746)		24,837,056
Results						
Segment results	(253,320)	(907,475)	(166,719)	-		(1,327,514)
Interest income	93,681	158,981	37,481	-		290,143
Interest expense	(28,051)	(13,697)	-	-		(41,748)
Loss before tax	(187,690)	(762,191)	(129,238)	-		(1,079,119)
Tax income	268,535	234,195	3,416	-		506,146
Profit/(Loss) for the financial year	80,845	(527,996)	(125,822)	-		(572,973)
Assets						
Segment assets	31,383,753	44,022,304	9,182,729	-		84,588,786
Tax recoverable	148,369	595,326	48,409	-		792,104
Cash and bank balances	1,461,233	3,375,183	4,843,250	-		9,679,666
Total assets	32,993,355	47,992,813	14,074,388	-		95,060,556
Liabilities						
Segment liabilities	3,621,621	4,809,410	2,291,294	-		10,722,325
Borrowings	1,001,169	-	-	-		1,001,169
Deferred tax liabilities	243,000	1,274,646	309,414	-		1,827,060
Total liabilities	4,865,790	6,084,056	2,600,708	-		13,550,554
Other segment information						
Additions to non-current assets	1,537,567	12,240	-	-	B	1,549,807
Depreciation	1,953,625	91,053	277,518	-		2,322,196
Non-cash expenses/ (income) other than depreciation	188,538	(33,331)	-	-	C	155,207

29. **SEGMENTAL INFORMATION** (cont'd)

By business segments

	Manufacture of diverse plasticware products RM	Property development RM	Others RM	Elimination RM	Note	Total RM
2019						
Revenue						
External customers	18,245,657	7,409,732	1,018,700	-		26,674,089
Inter-segment revenue	6,898,424	-	-	(6,898,424)	A	-
Total revenue	25,144,081	7,409,732	1,018,700	(6,898,424)		26,674,089
Results						
Segment results	(1,524,513)	2,166,831	662,437	-		1,304,755
Interest income	-	35,290	-	-		35,290
Interest expense	(47,765)	-	-	-		(47,765)
Profit/(Loss) before tax	(1,572,278)	2,202,121	662,437	-		1,292,280
Tax income/(expense)	9,038,581	(558,498)	(156,830)	-		8,323,253
Profit/(Loss) for the financial year	7,466,303	1,643,623	505,607	-		9,615,533
Assets						
Segment assets	31,967,908	40,891,348	7,109,412	-		79,968,668
Tax recoverable	9,213,946	822,318	-	-		10,036,264
Cash and bank balances	526,510	5,503,715	738,421	-		6,768,646
Total assets	41,708,364	47,217,381	7,847,833	-		96,773,578
Liabilities						
Segment liabilities	4,319,032	3,552,200	6,689,046	-		14,560,278
Borrowings	610,343	-	-	-		610,343
Deferred tax liabilities	319,262	1,594,528	321,830	-		2,235,620
Tax payable	94,937	-	-	-		94,937
Total liabilities	5,343,574	5,146,728	7,010,876	-		17,501,178
Other segment information						
Addition to non-current assets	8,711,572	167,850	-	-	B	8,879,422
Depreciation	1,385,074	26,224	277,522	-		1,688,820
Non-cash expenses other than depreciation	981,659	-	(663,471)	-	C	318,188

29. **SEGMENTAL INFORMATION** (cont'd)

Notes to segment information:

A. Inter-segment revenue are eliminated on consolidation.

B. Additions to non-current assets consist of total costs incurred to acquire property, plant and equipment.

C. Other non-cash items consist of the following:

	GROUP	
	2020	2019
	RM	RM
Allowance for expected credit losses	**282,325**	375,467
Gain on disposal of a subsidiary	**-**	(663,471)
(Reversal)/Addition of inventories written down	**(93,787)**	561,416
Loss on disposal of property, plant and equipment	**-**	6,899
Property, plant and equipment written off	**-**	37,877
Unwinding discount on retention sum payable	**(33,331)**	-
	155,207	318,188

By geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Revenue		Non-current assets	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Malaysia	**23,750,792**	25,385,745	**47,982,415**	44,958,588
Brunei	**473,670**	710,058	**-**	-
Singapore	**508,206**	504,986	**-**	-
Other countries	**104,388**	73,300	**-**	-
	24,837,056	26,674,089	**47,982,415**	44,958,588

D. Total revenue from **2** (2019: 1) major customers which individually contributed to more than 10% of the Group revenue amounted to **RM6,219,252** (2019: RM3,818,438) under the manufacturing segment.

30. **CAPITAL COMMITMENTS**

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM	RM	**RM**	RM
Contracted but not provided for:				
- Property, plant and equipment	**-**	565,968	**-**	-
- Land held for development	**2,244,813**	2,244,813	**-**	-
- Investment in subsidiaries	**-**	-	**33,935,000**	-
	2,244,813	2,810,781	**33,935,000**	-

31. **RELATED PARTY DISCLOSURES**

(i) **Identity of related parties**

The Company has related party relationship with its subsidiaries, key management personnel and the following parties:

Related parties	**Relationship**
- Nada Wangi Sdn. Bhd.	A corporate shareholder of the Company.
- Acme Ware Sdn Bhd.	A company in which a director of a subsidiary, Dato' Sri Dr. Lee Kuang Shing, has substantial financial interest.

(ii) **Related party transactions**

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		**COMPANY**	
	2020 RM	2019 RM	**2020 RM**	2019 RM
(Repayment to)/Advance from Nada Wangi Sdn. Bhd.	**(4,325,000)**	5,800,000	**(4,325,000)**	5,800,000
Rental charged by Nada Wangi Sdn. Bhd.	**60,000**	15,000	**-**	-
Purchase of motor vehicle from Acme Ware Sdn. Bhd.	**-**	348,238	**-**	-

(iii) **Compensation of key management personnel**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of directors is disclosed under Note 26 to the financial statements. The Group does not have any members of key management personnel.

32. **FINANCIAL INSTRUMENTS**

32.1 **Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying Amount RM	**AC RM**
GROUP		
2020		
Financial assets		
Trade receivables	**9,440,041**	**9,440,041**
Other receivables and refundable deposits	**7,595,390**	**7,595,390**
Cash and bank balances	**9,679,666**	**9,679,666**
	26,715,097	**26,715,097**

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.1 **Categories of financial instruments** (cont'd)

	Carrying Amount RM	AC RM
GROUP (cont'd)		
2020 (cont'd)		
Financial liabilities		
Borrowings	**1,001,169**	**1,001,169**
Trade payables	**2,612,266**	**2,612,266**
Other payables and accruals	**7,609,764**	**7,609,764**
	11,223,199	**11,223,199**
2019		
Financial assets		
Trade receivables	10,943,066	10,943,066
Other receivables and refundable deposits	1,209,214	1,209,214
Cash and bank balances	6,768,646	6,768,646
	18,920,926	18,920,926
Financial liabilities		
Borrowings	610,343	610,343
Trade payables	3,503,377	3,503,377
Other payables and accruals	10,573,089	10,573,089
Amount due to directors	76,744	76,744
	14,763,553	14,763,553
COMPANY		
2020		
Financial assets		
Other receivables and refundable deposits	**2,334,105**	**2,334,105**
Amount due from subsidiaries	**6,704,561**	**6,704,561**
Cash and bank balances	**4,843,250**	**4,843,250**
	13,881,916	**13,881,916**
Financial liabilities		
Other payables and accruals	**2,049,141**	**2,049,141**
2019		
Financial assets		
Refundable deposits	14,105	14,105
Amount due from subsidiaries	14,656,531	14,656,531
Cash and bank balances	738,421	738,421
	15,409,057	15,409,057
Financial liabilities		
Other payables and accruals	6,369,629	6,369,629
Amount due to directors	76,744	76,744
	6,446,373	6,446,373

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.2 **Financial risk management**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

32.3 **Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables and deposits placed with financial institutions while the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institution in respect of credit facilities granted to its subsidiaries.

32.3.1 **Trade receivables**

The Group and the Company do not have any significant exposure to any individual customer. The maximum exposure to credit risk of trade receivables is represented by their carrying amounts in the statements of financial position.

For the Group's manufacturing segment, the Group will consider the factors such as the relationship with the customer, its payment history and credit worthiness in deciding whether credit shall be extended. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Credit risk in the property development activity is negligible as sales are normally to purchasers who have obtained financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as stipulated in the sale and purchase agreements. For those sales on a cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered upon full payments. This is the normal industry practice.

The ageing analysis of trade receivables of the Group at the end of the reporting period is as follows:

	Gross RM	Allowance for expected credit loss RM	Net RM
GROUP			
2020			
Not past due	**5,049,220**	**-**	**5,049,220**
1 to 30 days past due	**1,079,389**	**-**	**1,079,389**
31 to 60 days past due	**66,059**	**-**	**66,059**
Past due more than 60 days	**4,238,013**	**(992,640)**	**3,245,373**
	5,383,461	**(992,640)**	**4,390,821**
	10,432,681	**(992,640)**	**9,440,041**

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.3.1 **Trade receivables** (cont'd)

The ageing of trade receivables and accumulated impairment loss of the Group is as follows (cont'd):

	Gross RM	Allowance for expected credit loss RM	Net RM
GROUP (cont'd)			
2019			
Not past due	2,712,771	-	2,712,771
1 to 30 days past due	1,273,018	-	1,273,018
31 to 60 days past due	1,072,481	-	1,072,481
Past due more than 60 days	6,640,522	(755,726)	5,884,796
	8,986,021	(755,726)	8,230,295
	11,698,792	(755,726)	10,943,066

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM4,390,821** (2019: RM8,230,295) that are past due at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Group's manufacturing and property development segment have significant concentration of credit risks in the form of outstanding balance due from **2 customers** (2019: 8 customers) representing **25%** (2019: 37%) of total receivables.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross RM	**Allowance for expected credit loss RM**	**Net RM**
Credit risk rating			
2020			
Low risk	**9,671,666**	**-**	**9,671,666**
Individually impaired	**992,640**	**(992,640)**	**-**
	10,664,306	**(992,640)**	**9,671,666**
2019			
Low risk	10,943,066	-	10,943,066
Individually impaired	755,726	(755,726)	-
	11,698,792	(755,726)	10,943,066

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.3.1 **Trade receivables** (cont'd)

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter.

In respect of the Group's development properties, most of the end-buyers obtain end-financing to fund their purchases of the Group's properties. In such cases, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

32.3.2 **Intercompany advances**

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

32.3.3 **Financial guarantees**

The Company has issued secured financial guarantees to financial institution for banking facilities granted to a subsidiary up to a limit of **RM50,481,960** (2019: RM4,664,157) of which **RM941,941** (2019: RM536,283) were utilised as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

32.4 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.4 **Liquidity risk** (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2020					
Non-derivative financial liabilities					
Borrowings	**1,001,169**	**1,084,100**	**492,978**	**315,108**	**276,014**
Trade payables	**2,612,266**	**2,645,597**	**2,394,317**	**-**	**251,280**
Other payables and accruals	**7,609,764**	**7,609,764**	**7,609,764**	**-**	**-**
Lease liability	**273,286**	**303,000**	**60,000**	**61,500**	**181,500**
Total undiscounted financial liabilities	**11,496,485**	**11,642,461**	**10,557,059**	**376,608**	**708,794**
2019					
Non-derivative financial liabilities					
Borrowings	610,343	647,722	404,068	195,822	47,832
Trade payables	3,503,377	3,503,377	3,336,662	166,715	-
Other payables and accruals	10,573,089	10,573,089	10,573,089	-	-
Amount due to directors	76,744	76,744	76,744	-	-
Total undiscounted financial liabilities	14,763,553	14,800,932	14,390,563	362,537	47,832
COMPANY					
2020					
Non-derivative financial liabilities					
Other payables and accruals, representing total undiscounted financial liabilities	**2,049,141**	**2,049,141**	**2,049,141**	**-**	**-**
2019					
Non-derivative financial liabilities					
Other payables and accruals	6,369,629	6,369,629	6,369,629	-	-
Amount due to directors	76,744	76,744	76,744	-	-
Total undiscounted financial liabilities	6,446,373	6,446,373	6,446,373	-	-

32. **FINANCIAL INSTRUMENTS** (cont'd)

32.5 **Interest rate risk**

The Group's and the Company's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group does not have any floating rate instruments.

The interest rate profile of the Group's and of the Company's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period are as follows:

	2020 RM	2019 RM
GROUP		
Fixed rate instruments		
Financial assets	**5,421,920**	194,204
Financial liabilities	**1,001,169**	610,343
COMPANY		
Fixed rate instruments		
Financial assets	**4,722,567**	-

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

32.6 **Foreign currency risk**

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are United States Dollar ("USD") and Renminbi ("RMB").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased in profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2020 RM	2019 RM
USD	**23,990**	(55,394)
RMB	**22,583**	24,267
Increase/(decrease) in profit before tax	**46,573**	(31,127)

33. FAIR VALUE MEASUREMENT

33.1 Fair value measurement of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature. The carrying amount of the current portion of finance lease liabilities is reasonable approximation of fair value due to the insignificant impact of discounting.

33.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
GROUP				
2020				
Investment properties				
- Freehold land	**-**	**830,000**	**-**	**830,000**
- Leasehold land	**-**	**9,280,000**	**-**	**9,280,000**
- Buildings	**-**	**9,790,000**	**-**	**9,790,000**
2019				
Investment properties				
- Freehold land	-	830,000	-	830,000
- Leasehold land	-	9,280,000	-	9,280,000
- Buildings	-	9,790,000	-	9,790,000
COMPANY				
2020				
Investment properties				
- Leasehold land	**-**	**9,280,000**	**-**	**9,280,000**
- Buildings	**-**	**8,120,000**	**-**	**8,120,000**
2019				
Investment properties				
- Leasehold land	-	9,280,000	-	9,280,000
- Buildings	-	8,120,000	-	8,120,000

Fair value

The fair value for investment properties for disclosure purposes is categorised under Level 2 of the fair value hierarchy (refer to Note 2.2 to the financial statement for definition of fair value hierarchy). The fair value is derived based on appraisal performed by independent professional valuers using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, age and condition of the building. The most significant input into this valuation approach is price per square foot of comparable properties.

34. **CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2020	2019
	RM	RM
Total borrowings	**1,001,169**	610,343
Less: Cash and bank balances	**(9,679,666)**	(6,768,646)
Net cash surplus	**(8,678,497)**	(6,158,303)
Total equity	**81,510,002**	79,272,400
Gearing ratio	**N/A**	N/A

N/A - not applicable as net cash position.

35. **WARRANTS**

On 22 November 2019, the Company completed its bonus issue of 57,493,372 free warrants on the basis of one (1) warrant for every four (4) ordinary shares held.

The main features of the warrants are as follows:

(i) The warrants may be exercised at any time during the tenure of the warrants of five (5) years including and commencing from 22 November 2019 and ending on 21 November 2024. Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.25 and shall be satisfied fully in cash and subjected to adjustments in accordance with the respective Deed Polls.

(ii) The warrants are not entitled to any dividend, right, allotment or other distribution in the Company until and unless such warrant holders exercise their warrant.

There were no warrants exercised as at the end of the reporting period.

36. **SIGNIFICANT EVENTS**

(i) On 7 August 2019, the Company had announced to undertake the following:

(a) proposed bonus issue of up to 59,689,500 free warrants in the Company ("**Warrants**") on the basis of one Warrant for every four existing ordinary shares in the Company ("**Proposed Bonus Issue of Warrants**");

(b) proposed private placement of up to 89,534,200 new shares of the Company, representing up to 30% of the enlarged number of issued and paid-up shares of the Company after excluding treasury shares ("**Proposed Private Placement**");

(c) proposed acquisition of the entire share capital of Medan Tropika Sdn. Bhd. ("**Medan**") for a total cash consideration of RM20,000,000 ("**Proposed Medan Acquisition**"); and

(d) proposed acquisition of the entire share capital of Focal Products Sdn. Bhd. ("**Focal**") for a total cash consideration of RM2,000,000 ("**Proposed Focal Acquisition**").

The Proposed Bonus Issue of Warrants had been completed on 29 November 2019 following the listing of and quotation for the 57,493,372 Warrants on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa**").

The first tranche of the Proposed Private Placement had been completed on 26 December 2019 following the listing of and quotation for the 10,000,000 placement shares at RM0.29 per placement shares on the Main Market of Bursa. An extension of time up to 10 October 2020 had been granted by Bursa to complete the implementation of the private placement.

(ii) On 7 August 2019, the Company had entered into a Conditional Share Purchase Agreement ("**Medan SPA**") with Goh Soo Sing and Mohammad Zubni Bin Ismail ("**Medan Vendors**") to acquire Medan's entire issued and paid-up ordinary shares of RM23,000,000 comprising 23,000,000 ordinary shares for a total cash consideration of RM20,000,000. Supplemental Share Purchase Agreement ("**Supplemental Medan SPA**") had been entered between the Company and Medan Vendors subsequently on 24 September 2019 and 5 March 2020 to amend certain terms and conditions of Medan SPA, including to revise the purchase consideration to become RM34,225,000. Both the Company and Medan Vendors had on 5 February 2020 mutually agreed to extend the Medan conditional period for a period of six months up to 6 August 2020 for the parties to fulfil the conditions precedent set out in Medan SPA and Supplemental Medan SPA.

On the same date, the Company had also entered into a Conditional Share Purchase Agreement ("**Focal SPA**") with Liew Kok Earn and Chia Cheong Yun ("**Focal Vendors**") to acquire Focal's entire issued and paid-up ordinary shares of RM5,831,216 comprising 5,831,216 ordinary shares for a total cash consideration of RM2,000,000. Both the Company and Focal Vendors had on 5 February 2020 mutually agreed to extend the Focal conditional period for a period of six months up to 6 August 2020 for the parties to fulfil the conditions precedent set out in Focal SPA.

On 6 August 2020, the Company had agreed to extend the SPA for a further six months up to 5 February 2021 to fulfil the conditions precedent with the respective vendors of Medan and Focal.

(iii) The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("COVID-19") a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order ("MCO") which was effective for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Subsequently, Recovery Movement Control Order ("RMCO") was gazetted which is effective for the period from 10 June 2020 to 31 August 2020.

This pandemic has significantly disrupted many business operations and caused uncertainties around the world including the Group's operations. The Group's revenue have been affected as the manufacturing and property development division could not operate during the MCO. Therefore, cost cutting measures have been taken to minimise the impact and potential impact arising from this pandemic. The Group has sufficient working capital to sustain its business operations and to continue its business as a going concern.

Nevertheless, the Group will continue to monitor the situation surrounding the pandemic closely so as to enable the Group to formulate measures in a swift and decisive manner to any potential impacts arising from the pandemic.

Analysis of Shareholdings as at 30 July 2020

SHARE CAPITAL

Class of Shares	:	Ordinary shares
Voting Rights	:	On show of hands, 1 vote for 1 person
	:	On a poll, 1 vote for 1 ordinary share

* Excluding 8,784,500 ordinary shares held as treasury shares

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	Number of Shares	% of Shares
Less than 100 shares	5	200	#
100 to 1,000 shares	245	220,873	0.09
1,001 to 10,000 shares	346	1,757,000	0.73
10,001 to 100,000 shares	164	6,394,300	2.67
100,001 to less than 5% of issued shares	55	102,393,946	42.67
5% and above of issued shares	3	129,207,181	53.84
Total	**818**	**239,973,500**	**100.00**

 # Negligible

LIST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
Dato' Sri Dr. Lee Kuang Shing	6,000,000	2.50	9,072,973 *	3.78
Nada Wangi Sdn Bhd	72,901,181	30.38	-	-
Ooi Soon Hong	-	-	72,901,181 #	30.38
Husalmi Suhaini Bin Shaikh Hussain	-	-	72,901,181 #	30.38
Inspire Sense Sdn Bhd	56,306,000	23.46	-	-
Ooi Kian Chuan	-	-	56,306,000 ^	23.46
Tang Tiam Hok	-	-	56,306,000 ^	23.46

Note :

* Deemed interested by virtue of his shareholdings of not less than 20% in Supptech Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Deemed interested by virtue of his shareholdings of not less than 20% in Nada Wangi Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

^ Deemed interested by virtue of his shareholdings of not less than 20% in Inspire Sense Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Number of Shares Held			
	Direct	%	Deemed	%
Ooi Soon Hong	-	-	72,901,181 #	30.38
Lim Shiou Ghay	5,098,000	2.12	6,136,000 ^	2.56
Tan Chee Keong	3,000,000	1.25	-	-
Lee Chiong Meng	1,000,000	0.42	-	-

Note :

Deemed interested by virtue of his shareholdings of not less than 20% in Nada Wangi Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

^ Deemed interested by virtue of his shareholdings of not less than 20% in Epic Paradigm Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	INSPIRE SENSE SDN. BHD.	56,306,000	23.46
2	NADA WANGI SDN. BHD.	46,508,077	19.38
3	NADA WANGI SDN. BHD.	26,393,104	11.00
4	H.M. WEALTH MANAGEMENT SDN. BHD.	10,000,000	4.17
5	KERJAYA PROSPEK (M) SDN. BHD.	10,000,000	4.17
6	CHEAH LEE LEE	9,805,200	4.09
7	SUPPTECH HOLDINGS SDN BHD	9,072,973	3.78
8	LAM DJUNG FUNG @ YUPITA LAM	8,421,073	3.51
9	AB MALIK BIN ABDULLAH	8,071,500	3.36
10	GAINFACTOR SDN. BHD.	7,064,000	2.94
11	EPIC PARADIGM SDN. BHD.	6,136,000	2.56
12	DATO' SRI DR LEE KUANG SHING	6,000,000	2.50
13	TEOH CHOO EE	5,220,800	2.18
14	LIM SHIOU GHAY	5,098,000	2.12
15	TAN CHEE KEONG	3,000,000	1.25
16	LEE THEAN YEW	1,500,000	0.63
17	ONG SEE WAH	1,174,000	0.49
18	CHIAM LEE HOON	1,002,700	0.42
19	LEE CHIONG MENG	1,000,000	0.42
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KHANG KHIM	845,900	0.35
21	MERCSEC NOMINEES (TEMPATAN) SDN BHD TEOW AH TEE @ TEOH KIM PENG	644,800	0.27
22	S. BALAKRISHNAN A/L A. SHANMUGAM	553,500	0.23
23	LEE GUEK CHAU	452,500	0.19
24	KOH YIK LING	428,000	0.18
25	CHEAH LEE LEE	377,000	0.16
26	NG GEIK CHENG	368,000	0.15
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TZE PENG	364,900	0.15
28	TEH ENG HIN	342,000	0.14
29	OH CHWEE HOE	325,400	0.14
30	LEE KUANG HAM	325,000	0.14

List of Properties

<table>
<tr><th>Title</th><th>Description/ Existing Use</th><th>Tenure</th><th>Total Land Area/ Floor area (square meter)</th><th>Approximate age of building</th><th>Net Book Value as at 31.03.2020 (RM'000)</th></tr>
<tr><td>Lot 5805 H.S. (D) 5828, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 7 Nov 2049)</td><td>23,708.50 (land)
10,231.65 (building)</td><td>31 years</td><td>494 (land)
3,981 (building)</td></tr>
<tr><td>Lot PT 3699, Mukim Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 24 Apr 2058)</td><td rowspan="4">2,394.67 (land)</td><td rowspan="8">29 years</td><td rowspan="8">35 (land)
2,308 (building)</td></tr>
<tr><td>Lot PT 3700, Mukim Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 24 Apr 2058)</td></tr>
<tr><td>Lot PT 3701, Mukim Sik, Pekan Sik, Kedah Darul Aman</td><td>Indusrial Building</td><td>Leasehold for 60 years (Expiry on 24 Apr 2058)</td></tr>
<tr><td>Lot PT 3702, Mukim Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 24 Apr 2058)</td></tr>
<tr><td>Lot PT 3723, Bandar Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 23 Mar 2054)</td><td rowspan="4">2,394.67 (land)</td></tr>
<tr><td>Lot PT 3724, Bandar Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 23 Mar 2054)</td></tr>
<tr><td>Lot PT 3725, Bandar Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 23 Mar 2054)</td></tr>
<tr><td>Lot PT 3726, Mukim Sik, Pekan Sik, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 23 Mar 2054)</td></tr>
<tr><td>Lot PT 17611, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman</td><td>Industrial Building</td><td>Freehold</td><td>4,285.62 (land)
3,994.83 (building)</td><td>31 years</td><td>552 (land)
969 (building)</td></tr>
</table>

<table>
<tr><th>Title</th><th>Description/ Existing Use</th><th>Tenure</th><th>Total Land Area/ Floor area (square meter)</th><th>Approximate age of building</th><th>Net Book Value as at 31.03.2020 (RM'000)</th></tr>
<tr><td>H.S (D) 10271, PT 66400, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 4 Apr 2055)</td><td rowspan="4">17,511.90 (land)
13,675.33 (building)</td><td rowspan="4">19 years</td><td rowspan="4">1,355 (land)
6,392 (building)</td></tr>
<tr><td>H.S (D) 10272, PT 66401, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 4 Apr 2055)</td></tr>
<tr><td>H.S (D) 10277, PT 66406, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 4 Apr 2055)</td></tr>
<tr><td>H.S (D) 10278, PT 66407, Bandar of Sungai Petani, District of Kuala Mudah, Kedah Darul Aman</td><td>Industrial Building</td><td>Leasehold for 60 years (Expiry on 4 Apr 2055)</td></tr>
<tr><td>H.S (D) 27713, PT 758, H.S (D) 27270, PT 407, Mukim 7, Seberang Perai Utara, Pulau Pinang</td><td>Development Land</td><td>Freehold</td><td>45,099.24 (land)</td><td>-</td><td>13,123</td></tr>
</table>

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting of the Company will be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Georgetown, Pulau Pinang on Monday, 28 September 2020 at 10:30 a.m. for the following purposes:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 and the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**

2. To approve the payment of Directors' fees and Directors' benefits of up to RM100,000.00 for the financial year ending 31 March 2021. **Ordinary Resolution 1**

3. To re-elect Mr. Lee Chiong Meng who retires in accordance with the Company's Constitution pursuant to Article 111 of the Company's Constitution. **Ordinary Resolution 2**

4. To re-appoint Messrs. Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

As Special Business:

5. To consider and if thought fit, to pass with or without modifications the following resolutions:-

   ORDINARY RESOLUTION

   AUTHORITY TO ISSUE SHARES

   "That pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 4**

6. To transact any other business for which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

WONG YEE LIN (MIA15898)
SSM Practicing No: 201908001793
HING POE PYNG (MAICSA 7053526)
SSM Practicing No: 202008001322
Joint Company Secretaries

Date: 28 August 2020

Notes:-

(1) A member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak in his stead, and a proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The proxy so appointed shall be entitled to vote on any matter which may properly come before the meeting.

(2) A Member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(4) Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

(5) The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 24 hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s). Proxy form via facsimile or electronic mail will not be accepted.

(7) For the purpose of determining a Member who shall be entitled to attend the meeting, the Company shall be requesting the Depository to issue a General Meeting Record of Depositors ("ROD") as at 18 September 2020. Only Depositors whose name appears on the ROD shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

(8) All resolutions as set out in this notice of 30th Annual General Meeting are to be voted by poll.

Explanatory Note on Ordinary Business

Item 1 of the Agenda

To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits

The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for financial year ending 2021 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Note on Special Business

Ordinary Resolution 4 – Authority to issue shares

The proposed Ordinary Resolution 4, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

The Company did not utilise the mandate obtained at the last Annual General Meeting and thus no proceeds were raised from the previous mandate.

A renewal of this authority is being sought at the 30th Annual General Meeting under proposed Ordinary Resolution 4.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment and development project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or it agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"). (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 4 as stated in the Notice of Annual General Meeting of the Company for the details.

ACME HOLDINGS BERHAD Company No. 198901012432 (189740-X)

Proxy Form

No. of ordinary shares held	
CDS Account No.	

*I/We .... *NRIC/Company No. ....
(Full Name in Block Letters)

of .... being a *Member/Members of
(Full Address)

ACME Holdings Berhad, hereby appoint (Proxy 1) ....
(Full Name in Block Letters)

*NRIC/Passport No. .... of ....

....
(Full Address)

and*/or failing him/her *(Proxy 2), ... *NRIC/Passport No.
(Full Name in Block Letters)

.... of ....
(Full Address)

....
(Full Address)

and*/or failing him*, the Chairman of the Meeting, as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at Kelawai Room, Lobby Level, Evergreen Laurel Hotel, 53 Persiaran Gurney, 10250 Georgetown, Pulau Pinang on Monday, 28 September 2020 at 10:30 a.m. and at any adjournment thereof to vote as indicated below:

AGENDA

To receive the Audited Financial Statements for the year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon			
Ordinary Resolution		**For**	**Against**
1.	Approval of payment of Directors' fees and Directors' benefits for the financial year ending 31 March 2021.		
2.	Re-election of Mr. Lee Chiong Meng as Director.		
3.	Re-appointment of Messrs. Grant Thornton as Auditors and to authorise the Directors to fix the Auditors' remuneration.		
4.	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to issue shares.		

Please indicate with an "X" in the spaces provided above as to how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

Proxy 1	%
Proxy 2	%
	100%

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

No. of shares held

As witness my hand this .... day of .... , 2020.

....
Signature of Member(s)/Common Seal

* Strike out whichever is inapplicable

Notes:

(1) A member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak in his stead, and a proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. The proxy so appointed shall be entitled to vote on any matter which may properly come before the meeting.

(2) A Member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(4) Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

(5) The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

(6) The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 24 hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s). Proxy form via facsimile or electronic mail will not be accepted.

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(8) All resolutions as set out in this notice of 30th Annual General Meeting are to be voted by poll.

Fold along this line

Stamp

The Secretaries
ACME HOLDINGS BERHAD
Company No. 198901012432 (189740-X)
488A-16-01 Office Tower
Kompleks Midlands Park
Jalan Burma
10350 Penang
Malaysia.

Fold along this line

ACME Holdings Berhad
198901012432 (189740-X)

Manufacturing division:
1, 2, 7 & 8, Jalan PKNK 3
Kawasan Perusahaan LPK Fasa 3
08000 Sungai Petani, Kedah Darul Aman.
Tel: (604) 442 6888 Fax: (604) 442 6448

Property development division:
488A-16-01 Office Tower
Kompleks Midlands Park
Jalan Burma, 10350 Penang.
Tel: (604) 210 9911

www.acmeholdings.com.my